

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 vacant land located at 9644 and 9670 Magnolia Avenue, identified as Assessor Parcel Numbers 234-101-028, 050 and 058. The Plan was approved by the State Department of Finance (DOF) on March 6, 2014.

In 1995, the City purchased the subject property for the relocation of the existing Arlington Branch Library. However, in 2004, the City approved the remodeling and expansion of the Arlington Branch Library in its present location to preserve the historical structure. This decision eliminated the need for the subject property to be used for the new location of the Arlington Branch Library located at 9556 Magnolia Avenue.

On February 20, 2007, the former Redevelopment Agency approved the acquisition of the subject property from the City in the total amount of \$1,270,800. It was the intent of the former Redevelopment Agency, upon acquisition, that the subject property would provide for future development opportunities, which would be complimentary to the revamped Arlington Branch Library and Arlington Village to the east and to neighboring commercial areas to the west.

The Property is approximately 38,156 square feet and is zoned Commercial General (CG) with a General Plan designation of Mixed-Use Village (MUV).

Furthermore, on March 27, 2012 and on March 30, 2012, the City Council as Successor Agency and the Oversight Board approved the Successor Agency Property Disposition Guidelines (Property Disposition Guidelines). The City Council as Successor Agency and the Oversight Board deemed that, given the large number of properties in the Successor Agency portfolio, it is important that the disposition occur in an orderly and strategic manner in order to ensure value is retained and to prevent any negative impact on the community. The Property Disposition Guidelines were also included in the Successor Agency's Long Range Property Management Plan that was approved by the City Council as Successor Agency on August 13, 2013, the Oversight Board on August 15, 2013 and the Department of Finance on March 6, 2014.

As allowed by the Disposition Guidelines, staff may receive an unsolicited property purchase offer, which is not in response to any formal or informal request, and may take the purchase offer and proposed use directly to the Development Committee, City as Successor Agency and the Oversight Board for consideration and approval.

On January 11, 2015, staff received an unsolicited purchase offer from Mike Sadeghian for the development of a 6,050 square foot office and retail building and a 3,241 square foot retail building to be operated as a Taco Tia restaurant on the subject property. The estimated development project costs are \$2.1 million. Shortly thereafter, Mike Sadeghian procured an appraisal from Freeman & Associates (dated May 8, 2015), which concluded to a value of \$315,000. Staff agrees that this amount represents the current fair market value for the subject property.

Staff has further concluded that Mike Sadeghian's development proposal meets the goals and objectives of the Magnolia Avenue Specific Plan – Arlington District and is consistent with the Successor Agency's Long Range Property Management Plan. With this in mind, staff has developed the PSA, which includes the following key provisions:

- Mike Sadeghian to acquire the subject site in the amount of \$315,000;
- Mike Sadeghian to obtain entitlements and close escrow within 450 days from execution of

the PSA (subject to mutually agreeable extensions);

- Mike Sadeghian to commence construction within 90 days after close of escrow;
- Mike Sadeghian to construct an office and retail building and restaurant building within 365 days from start of construction (subject to mutually agreeable extensions);
- The office and retail building and restaurant building shall comply with all zoning, planning, and building laws including the design standards of the Magnolia Avenue Specific Plan – Arlington District;
- Mike Sadeghian is prohibited from selling or transferring the subject site to a tax-exempt entity; and
- The Successor Agency may terminate the PSA should Mike Sadeghian default on the PSA.

On May 21, 2015, the Development Committee, with all members present, unanimously recommended the disposition of the subject property to Mike Sadeghian for the development of an office and retail building and a restaurant building. On June 23, 2015, the Successor Agency/City Council approved the Purchase and Sale Agreement.

With the aforementioned in mind, staff recommends that the Oversight Board adopt a resolution authorizing execution of the PSA with Mike Sadeghian for the sale of vacant Successor Agency-owned property located at 9644 and 9670 Magnolia Avenue, identified as Assessor Parcel Numbers 234-101-028, 050 and 058 for the development of an office and retail building and a restaurant building, in accordance with the Successor Agency's Long Range Property Management Plan.

Prepared by: Emilio Ramirez, Development Director
Approved as to form: Gary G. Geuss, Successor Agency General Counsel

- Attachments:
1. Resolution
 2. Purchase and Sale Agreement