



City of Arts & Innovation

Development Committee

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: MARCH 23, 2017

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 7
DEPARTMENT

**SUBJECT: DEVELOPMENT OF 2.4 ACRES OF SUCCESSOR AGENCY OWNED LAND
LOCATED AT 11124-11144 PIERCE STREET AND 4870 LA SIERRA
AVENUE - FIVE POINTS SITE B - BY R.C. HOBBS COMPANY - DIRECT
SUBMITTAL**

ISSUE:

Select R.C. Hobbs Company, Inc. of the City of Orange for the development of the 2.4 acre Successor Agency owned property located at 11124-11144 Pierce Street and 4870 La Sierra Avenue also known as Five Points – Site B.

RECOMMENDATIONS:

That the Development Committee:

1. Select the R.C. Hobbs Company, Inc. proposal; and
2. Direct staff to negotiate an agreement for the disposition of the 2.4 acre Successor Agency owned property located at 11124-11144 Pierce Street and 4870 La Sierra Avenue, Five Points – Site B, and subsequent development of a retail and senior housing residential project to be presented to the City Council for consideration.

BACKGROUND:

On February 11, 2015, staff issued a Request for Proposals (RFP) seeking a high quality development, including a sit down restaurant with no drive-thru at the southwest corner of Pierce Street and La Sierra Avenue and an office development on the adjacent parcels. On April 10, 2015, staff received one responsive proposal from Rich Development Company for a commercial development. Rich Development Company was selected and later withdrew its proposal because they were unable to find committed tenants.

DISCUSSION:

On June 7, 2016, staff issued a new RFP seeking a high quality commercial development for the Property as depicted below. On September 7, 2016, when proposals were due, staff

received four proposals from Grae La Sierra, LLC, Halferty Development Company, LLC, R.C. Hobbs Company, Inc. and Red Group, LLC. Of the four proposals received, three proposed a retail and residential development. Only Red Group, LLC recommended a commercial development.



On December 12, 2016, the Selection Committee interviewed the three most responsive firms and subsequently selected the proposal submitted by Hobbs as being the most viable. The site plan and conceptual renderings for the proposed development are included as an Attachment to this report.

The Hobbs proposal is summarized below:

1. Site Area: 2.4 acres
2. Purchase Price: To be determined by a fair market value appraisal
3. Proposed Project: 6,750 square feet of retail space on the eastern segment of the Property and 36 market rate senior housing apartment units on the western segment of the Property as shown on the attached site plan
4. Total Anticipated Investment: \$9,950,000

Hobbs was founded in 1976 by Mr. Roger C. Hobbs. Hobbs has successfully sold, developed and managed nearly one billion dollars of commercial, industrial and residential real estate in California and Montana. Additionally, Hobbs has been recognized with local, state, and national awards.

The Selection Committee has determined that Hobbs has sufficient development experience to undertake the acquisition and development of the Property as proposed. As such, staff recommends that the Development Committee select the proposal submitted by Hobbs.

FISCAL IMPACT:

The Property is Successor Agency-owned and will require an appraisal. All sale proceeds 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. The City's portion of the sales proceeds is estimated to be approximately 14 percent of the sales price.

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

Attachment:

1. Site Plan and Conceptual Renderings
2. Presentation