



City of Arts & Innovation

Development Committee

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: APRIL 19, 2018

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 2

SUBJECT: DEVELOPMENT OF 0.59 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND LOCATED AT 2015-2039 UNIVERSITY AVENUE WITHIN SUB-DISTRICT 1 OF THE UNIVERSITY AVENUE SPECIFIC PLAN AREA - DIRECT SUBMITTAL

ISSUE:

Select California Fortune Land, LLC of Corona, California, for the development of the 0.59 acre Successor Agency-owned vacant land, located at 2015-2039 University Avenue, identified as Assessor's Parcel Numbers 211-174-011, -012, and -025, within Sub-District 1 of the University Avenue Specific Plan area.

RECOMMENDATIONS:

That the Development Committee:

1. Review and recommend selection of the California Fortune Land proposal; and
2. Direct staff to negotiate a Purchase, Sale and Development Agreement for the disposition of the 0.59 acre Successor Agency-owned vacant land, located at 2015-2039 University Avenue, identified as Assessor's Parcel Numbers 211-174-011, -012, and -025, and subsequent restaurant development to be presented to the Successor Agency and Oversight Board for consideration.

BACKGROUND:

The Successor Agency currently owns five vacant land sites along University Avenue, which includes the subject property, located between Douglass and Kansas Avenues, consisting of three parcels of vacant land, identified as Assessor's Parcel Numbers 211-174-011, -012, and -025 (Property), as shown below.

The Property is over 25,000 square feet of vacant land and is located within the Commercial Retail Zone, which is intended to allow for a broad range of indoor retail sales and service,

and office uses as either stand-alone businesses or as part of commercial centers or office developments. The General Plan land use designation for the property is Mixed Use – Neighborhood, which provides opportunities for primarily neighborhood-serving commercial uses with limited, low-intensity residential uses in a mixed-use environment. The property is located within Sub-District 1 of the University Avenue Specific Plan. Sub-District 1 is intended to enhance the small business area uses to serve the local adjacent community such as neighborhood retail, restaurants, services and offices in small scale, red-tiled structures fronting on a landscaped University Avenue corridor between Park Avenue and Chicago Avenue. Mixed-use residential and retail development is not allowed in Sub-District 1. Retail, business and office uses are permitted under Sub-District 1.



The Successor Agency conducted community meetings to obtain input from residents, property owners as well as business owners in drafting the Request for Purchase and Development Proposals (RFP). Based on the feedback received from the participants, the Successor Agency was seeking proposals for development of a high quality commercial project, which may include retail, restaurant or office use or a combination of these uses from qualified developers.

DISCUSSION:

On August 14, 2014 and September 21, 2015, staff issued an RFP seeking proposals for development of a high quality commercial project, which may include retail, restaurant or office use or a combination of these uses for the Property from qualified developers. These RFP's did not result in any responses.

On November 2, 2017, staff issued a new RFP seeking a high quality mixed-use development project for the Property. On January 19, 2018, when proposals were due, staff received one proposal from California Fortune Land, LLC (CFL) for development of a restaurant with a modern pedestrian-oriented design, which is consistent with the community's vision.

The site plan and conceptual renderings for the project proposed by CFL are included as an Attachment to this report. The restaurant project proposed for the Property is allowed in Sub-District 1 of the University Avenue Specific Plan. The CFL proposal is summarized below:

1. Total Site Area: 0.59 acres (25,762 square feet)
2. Purchase Price: \$386,000 (\$15 per square foot, which represents the current fair market value)
3. Proposed Project: 5,000 square feet of restaurant space as shown on the attached site plan
4. Job Creation: 48 temporary jobs and 35 permanent full-time and part-time jobs
5. Estimated Annual Gross Sales Tax Revenue: \$1,800,000
6. Estimated Annual Property Tax Revenue: \$2,500
7. Total Anticipated Investment: \$1,800,000

CFL is currently constructing four warehouse buildings on a five-acre site in Corona, and construction of this project is anticipated to be completed in August 2018.

Staff determined that CFL has sufficient development experience and the financial capacity to undertake the acquisition and subsequent development of the Property as proposed. With the Development Committee's consent, staff will prepare a Purchase, Sale and Development Agreement with CFL to include a fair market purchase price, proposed use, deposit requirement, due diligence period, schedule of performance, and conditions and restrictions for final consideration by the Successor Agency and the Oversight Board.

FISCAL IMPACT:

All sale proceeds of the Property 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 net sales proceeds is estimated to be approximately 14% of the sales price less all title, escrow, and miscellaneous closing costs.

Prepared by:	Rafael Guzman, Community & Economic Development Director
Certified as to	
availability of funds:	Adam Raymond, Chief Financial Officer/ City Treasurer
Approved by:	Al Zelinka, FAICP, Assistant City Manager

Approved as to form:	Gary G. Geuss, City Attorney
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Attachments:

1. Site Plan and Conceptual Renderings
2. Presentation