

TO: OVERSIGHT BOARD MEMBERS **DATE: JUNE 13, 2018**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARD: 2**
DEPARTMENT

SUBJECT: PURCHASE, SALE AND DEVELOPMENT AGREEMENT WITH CALIFORNIA FORTUNE LAND, LLC. FOR DISPOSITION OF 0.59 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND 2015-2039 UNIVERSITY AVENUE TO FACILITATE DEVELOPMENT OF A RESTAURANT PROJECT – SALE AMOUNT OF \$386,000

Adopt a resolution authorizing the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) to enter into a Purchase, Sale and Development Agreement with California Fortune Land, LLC for the disposition of 0.59 acres of Successor Agency-owned vacant land, located at 2015-2039 University Avenue, to facilitate the development of a restaurant project, for the sale amount of \$386,000, in accordance with the Successor Agency's Long Range Property Management Plan.

1. Adopt a resolution authorizing execution of the attached Purchase, Sale and Development Agreement with California Fortune Land, LLC for the disposition of 0.59 acres of Successor Agency-owned vacant land, located at 2015-2039 University Avenue, identified as Assessor's Parcel Numbers 211-174-011, -012, and -025, to facilitate the development of a restaurant project, for the sale amount of \$386,000, in accordance with the Successor Agency's Long Range Property Management Plan; and
2. Authorize the Executive Director, or his designee, to take any and all actions including making minor and non-substantive modifications and execute the attached Purchase, Sale and Development Agreement with California Fortune Land, LLC.

Pursuant to the dissolution process of Assembly Bills x1 26 and 1484, the Successor Agency completed its Long Range Property Management Plan (Plan), which governs the disposition and

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 the 0.59 acres of Successor Agency-owned vacant land located at 2015-2039 University Avenue and identified as Assessor's Parcel Numbers 211-174-011, -012, and -025 (Property) as shown below. The Oversight Board approved the Plan on February 27, 2014 and the State Department of Finance subsequently approved the same on March 6, 2014.



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.

On August 14, 2014 and September 21, 2015, staff issued RFP's seeking proposals for development of a high quality commercial project consisting of 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 a proposal from California Fortune Land, LLC (CFL) for development of a restaurant project with a modern pedestrian-oriented design.

On April 19, 2018, the Development Committee selected the CFL proposal and directed staff to negotiate an agreement for the disposition of the Property and subsequent development of a restaurant project.

DISCUSSION:

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.

The Property was appraised by an independent third-party appraiser, which concluded to a value of \$270,000. Staff agrees that this amount represents the current fair market value of the Property. The Successor Agency is requesting authorization to execute a Purchase, Sale and Development Agreement (Agreement) for the disposition of the Property to CFL for the amount of \$386,000, which is above the appraised value, to facilitate the development of the proposed restaurant project.

The terms of the sale of the Property include:

1. Purchase Price: \$386,000 in an “as-is” condition (less all escrow related fees not to exceed \$10,000).
2. Deposit: \$10,000. Deposit becomes non-refundable after 180 days unless Seller defaults.
3. Due Diligence: CFL has 180 days following the Effective Date of the Agreement to complete its review of the Property.
4. Planning Application: CFL to submit an application to the Planning Division for Design Review and entitlements within 180 days following the Effective Date of the Agreement.
5. Entitlements and Environmental Clearance: CFL to obtain all of the necessary entitlements, including Grading and Building Permits, and Close Escrow within 18 months following the Effective Date of the Agreement.
6. Construction: CFL to start construction within 120 days following the Close of Escrow and complete construction within 12 months following the Close of Escrow.

Staff recommends that the Oversight Board adopt a resolution authorizing execution of the attached Agreement with CFL for the disposition of the Property for \$386,000 to facilitate the development of the Property in accordance with the Successor Agency’s Long Range Property Management Plan.

Prepared by: Rafael Guzman, Community & Economic Development Director
Approved as to form: Gary G. Geuss, Successor Agency General Counsel

Attachment: Purchase, Sale and Development Agreement