



City of Arts & Innovation

Development Committee

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: JUNE 21, 2018

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 2

SUBJECT: BAILEY CALIFORNIA PROPERTIES, LLC PRESERVATION AND ADAPTIVE REUSE OF CITY-OWNED FARM HOUSE MOTEL LOCATED AT 1393 UNIVERSITY AVENUE WITHIN SUB-DISTRICT 3 OF THE UNIVERSITY AVENUE SPECIFIC PLAN - DIRECT SUBMITTAL

ISSUE:

Select Bailey California Properties, LLC of Riverside for preservation and adaptive reuse of the City-owned Farm House Motel, located at 1393 University Avenue, identified as Assessor's Parcel Number 250-190-009 within the University Avenue Specific Plan, to facilitate the development of a retail project.

RECOMMENDATIONS:

That the Development Committee:

1. Select the Bailey California Properties, LLC proposal; and
2. Direct staff to negotiate a Purchase, Sale and Development Agreement with Bailey California Properties, LLC for the disposition of the 0.97 acre City-owned Farm House Motel, located at 1393 University Avenue, identified as Assessor's Parcel Number 250-190-009, to facilitate the development of a retail project to be presented to the City Council for consideration.

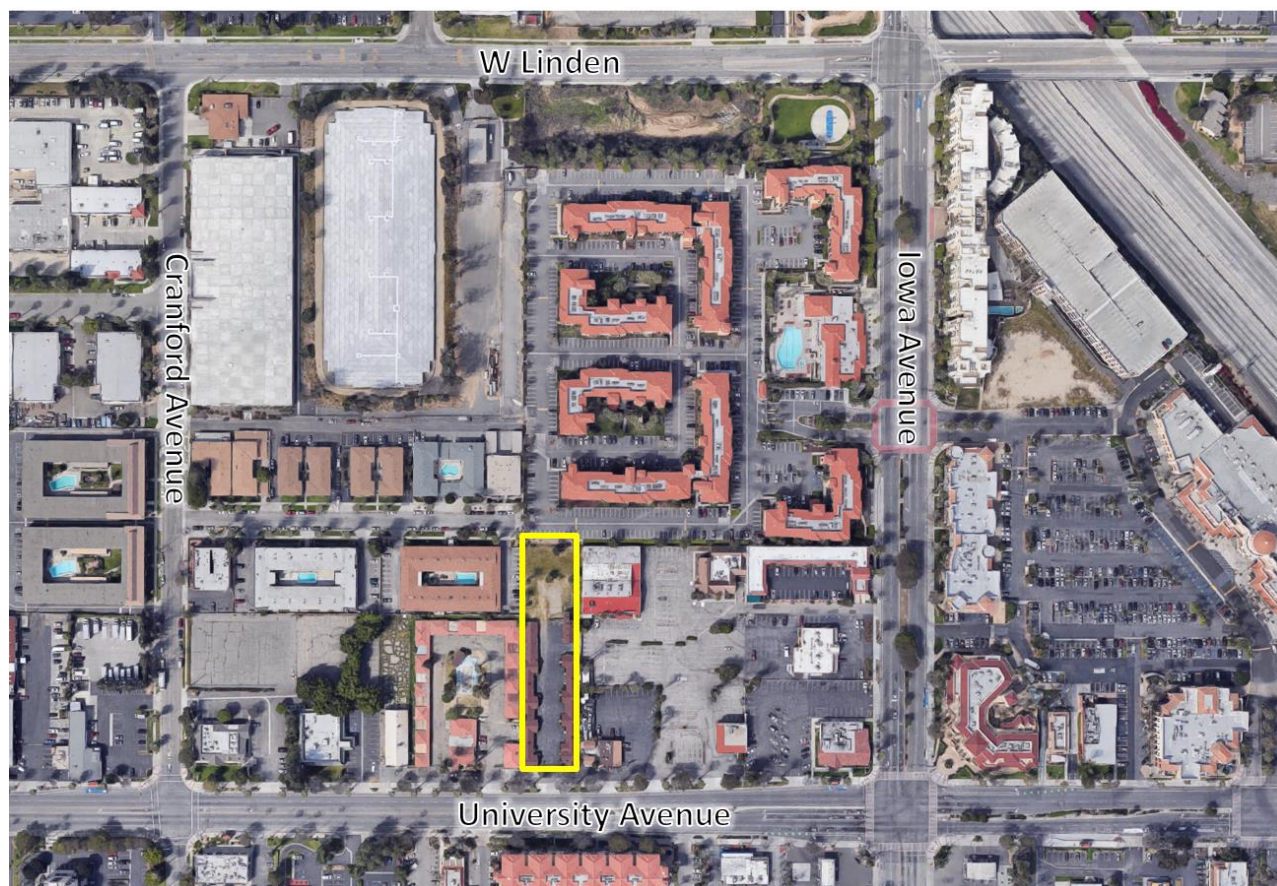
BACKGROUND:

Property Transfer

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 transfer of three historic properties, including the Imperial Hardware Building, the Stalder Building, and the Farm House Motel, to the City for development, preservation, and adaptive reuse of limited significant resources. 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 Farm House was subsequently

transferred from the Successor Agency to the City of Riverside.

The one parcel site is occupied by a vacant building known as the Farm House Motel, located at 1393 University Avenue, identified as Assessor's Parcel Number 250-190-009 (Property), as shown below.



Historic Preservation

The University Avenue Specific Plan acknowledges that the Farm House Motel is one of the best remaining examples of University Avenue's motor courts and represents a significant historic preservation opportunity along University Avenue.

With that in mind, when the former Redevelopment Agency acquired the Property in 2008, its intent was to remove blight as well as protect one of a few remaining motor court motels. Prior to a fire that destroyed four units in March 2017, located in the rear of the site, the Property encompassed approximately 10,000 square feet of building area with 24 individual units on the south-end of a narrow one-acre site fronting University Avenue. The site consists of two building structures with a driveway in the middle, and a vacant lot where a swimming pool used to be before it was filled with dirt for safety reasons. The Property continues to deteriorate as a result of persistent vandalism since its vacancy in 2008.

The former Farm House Motel was determined eligible for designation as a local landmark and for consideration for listing in the California Register of Historical Resources and the National Register of Historic Places. Since the Farm House Motel was determined to retain a good level of integrity, preservation and restoration of the Property for an adaptive reuse of retail will help to enhance University Avenue's physical image and offer a more vibrant commercial location on University Avenue, which would improve economic development in the area.

Rehabilitation of the existing Farm House Motel is required to be in line with Riverside's vision for the reuse of historic structures. The reuse of the Property must be consistent with the General and Specific Plan Designations, and the rehabilitation of the Property must minimize the impact on the architectural integrity and historic character in accordance with the Secretary of the Interior's Standards for Rehabilitation and State Historical Building Code.

Zoning, General Plan and Specific Plan Designation

The Property has an underlying Zone of Commercial Retail, 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, which is Mixed Use – Urban, provides opportunities for primarily mixed-use retail and commercial uses with limited, low-intensity residential uses in a mixed-use environment. In general, retail, commercial, and office uses are permitted along the entire University Avenue corridor within the University Avenue Specific Plan.

The Property is located within Sub-District 3 of the University Avenue Specific Plan. Sub-District 3 is intended to develop the attraction of visitors and enhance University-related uses through retail and business development.

Various interests and proposals have been received in the past, including student housing, veteran housing, expansion of the adjacent mental health facility, motel, for-sale condos, apartment units, private school, music education center, mixed-use residential, office, retail, and restaurants. These unsolicited proposals were rejected primarily due to a lack of either experience or financial capacity, or inconsistency with the use envisioned for the site.

DISCUSSION

On March 27, 2018, staff received an unsolicited proposal from Bailey California Properties, LLC (Bailey California Properties), consisting of an anti-mall retail project (Project), which is envisioned to be similar to The Lab in Costa Mesa.

After reviewing the proposal, it was determined that the proposed Project is feasible, would fit well in the area due to its proximity to UCR, and is consistent with the intent planned for Sub-District 3. Additionally, Bailey California Properties has the financial capacity and extensive development experience to undertake the acquisition and subsequent rehabilitation as proposed.

The Property is proposed as an indoor and outdoor retail center offering a mix of retail, restaurant and entertainment, as a cultural destination, where each “motel room” will be redesigned for curated specialty retailers. The outdoor area is proposed to be used as an event pavilion, as a flexible space, for art installations, live entertainment, and an indigenous landscaped garden. The Project will include farm stands and restaurants that offer organic fruits and vegetables on a daily basis by collaborating with local farmers, including UCR’s “R-Garden”.

Based on the proposed mix of uses, the Project will require between 55 and 164 parking spaces. Bailey California Properties is expected to collaborate with the adjacent property owners, including the former Cask N’ Cleaver, Templo Del Sol, unoccupied office building (located at 1345 University Avenue) as well as The Palms student housing development across the street to the South, to enter into a reciprocal parking agreement prior to obtaining entitlements for the Project. To provide convenience to its patrons, Bailey California Properties proposes to offer valet parking and explore the option of installing a pedestrian signal at the entrance of the site.

Bailey California Properties intends to rehabilitate the existing Farm House units in keeping with its historic integrity and characteristics and University Avenue as the major thoroughfare connecting Downtown Riverside and UCR, which is in line with the City’s vision for the reuse of the site with the least impact on the architectural integrity and historic character.

The Bailey California Properties proposal is included as Attachment 1. The Project is a permitted use within Sub-District 3 of the University Avenue Specific Plan. The Bailey California Properties proposal is summarized below:

1. Total Site Area: **42,253 square feet (0.97 acre)**
2. Purchase Price: **\$210,000** (The Property was appraised by an independent third-party appraiser, which concluded to a value of \$250,000. Since the fire destroyed four units, staff estimates that the current fair market value of the Property is approximately \$210,000.)
3. Proposed Project: **An indoor and outdoor retail center with a mix of specialty retailers, restaurateurs and entertainment**
4. Job Creation: **30 construction jobs, 97 permanent full-time and part-time jobs**
5. Estimated Annual Gross Sales Tax Revenue: **\$550,000**
6. Estimated Annual Property Tax Revenue: **\$6,300**
7. Total Anticipated Investment: **\$4,500,000**

Founded 26 years ago by Beverly and Scott Bailey, Stronghold Engineering provides full-service construction support, including design build, engineering-procurement-construction, vertical, civil and high-voltage electrical construction. Stronghold Engineering’s projects are consistently

recognized with the U.S. Navy's Safety Through Awards and Recognition (STAR) awards. Among many award winning projects, the renovation of the Riverside Municipal Auditorium was recognized as the Engineering-News Record Best Small Project Award as well as the Excellence in Safety Best Project of all of Southern California. The Golf Clubhouse Complex Miramar renovation project in San Diego received a 2009 Associated Builders and Contractors, Inc. Award for National Excellence in Construction and Excellence in Construction Design Build as well as a National Design Build Award from Design Build Institute of America in 2010.

As President of Bailey California Properties, Beverly Bailey was recognized as the U.S. Small Business Association's 2010 Entrepreneurial Success of the Year and honored with 2016 Enterprising Women of the Year Award.

Staff determined that Bailey California Properties has sufficient development experience and the financial capacity to undertake the acquisition and subsequent preservation and adaptive reuse of the Property as proposed. As such, staff recommends that the Development Committee select the proposal submitted by Bailey California Properties.

With the Development Committee's consent, staff will prepare a Purchase, Sale and Development Agreement with Bailey California Properties 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 City Council.

FISCAL IMPACT:

Since the Property is City-owned, all future sale proceeds of the Property less related title, escrow and miscellaneous closing costs will be retained by the General Fund.

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

Attachments:

1. Proposal
2. Presentation