



*City of Arts & Innovation*

# Development Committee

**TO: DEVELOPMENT COMMITTEE MEMBERS      DATE: DECEMBER 20, 2018**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT      WARD: 5**  
**DEPARTMENT**

**SUBJECT: PROPOSED DEVELOPMENT OF APPROXIMATELY THREE ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND, OF WHICH 1.5 ACRES IS BUILDABLE, LOCATED AT 8690 CALIFORNIA AVENUE, IDENTIFIED AS ASSESSOR PARCEL NUMBER 193-261-027 FOR DEVELOPMENT OF A MIXED-USE RETAIL AND MULTI-FAMILY PROJECT BY CALIFORNIA SQUARE PARTNERS LLC - DIRECT SUBMITAL**

## **ISSUE:**

Review and recommend selection of the development proposal from California Square Partners LLC, for the disposition of approximately three acres of Successor Agency-owned vacant land, of which 1.5 acres is buildable, located at 8690 California Avenue, identified as Assessor Parcel Number 193-261-027, to facilitate development of a mixed-use retail and multi-family project.

## **RECOMMENDATIONS:**

That the Development Committee:

1. Review and recommend selection of the development proposal from California Square Partners LLC, for the disposition of approximately three acres of Successor Agency-owned vacant land, of which 1.5 acres is buildable, located at 8690 California Avenue, identified as Assessor Parcel Number 193-261-027, for the development of a mixed-use retail and multi-family project; and
2. Direct staff to negotiate a Purchase and Sale Agreement (PSA) for the disposition of approximately three acres of Successor Agency-owned vacant land, of which 1.5 acres is buildable, located at 8690 California Avenue, identified as Assessor Parcel Number 193-261-027, for the development of a mixed-use retail and multi-family project, to be presented to the Successor Agency, Countywide Oversight Board and Department of Finance for final consideration and approval.

## **BACKGROUND:**

8690 California Avenue (Property), as shown on the map below (outlined in red), is currently a

surface parking lot and vacant land, which is partially subject to a License Agreement with California Square Partners, LLC (CSP). The License Agreement area (as also shown on the map below) allows for perpetual parking on a portion of the Property for Maxi Foods and other CSP commercial tenants. The Property is located within the California Square shopping center, which was constructed in the 1960's and features a Maxi Foods grocery store as its anchor tenant with traditional inline retail tenant space.

In April 2006, the former Redevelopment Agency acquired three of the six parcels comprising the California Square shopping center. In July of 2006, the former Redevelopment Agency completed tenant relocations and demolition and clearance of the in-line commercial buildings on the three parcels acquired.

On November 7, 2006, the former Redevelopment Agency and CSP entered into a Land Exchange Agreement in which the former Redevelopment Agency agreed to transfer equal portions of the six existing parcels owned by the former Redevelopment Agency to CSP in order to reconfigure the parcels into two parcels consisting of the Property and the adjacent CSP-owned parcel (as shown on the map below outlined in yellow).

On September 2, 2008, the former Redevelopment Agency entered into a Purchase and Sale Agreement with Lake Development for the development of a Rite Aid Pharmacy on the Property. However, on January 4, 2011, the former Redevelopment Agency approved a termination agreement with Lake Development because it was unable to procure the development since Rite Aid backed out of the transaction due to the economic recession.

Furthermore, the gas station formerly located on the Property has contaminated the soil and the former Redevelopment Agency received an indemnification from Exxon Mobil for the site. Exxon Mobil is responsible for all remediation efforts until the site is clean. There are currently twelve ground water monitoring wells located on the corner of the Property (comprising the former location of the gas station), which can be relocated to the property line in order to allow for site development.

Lastly, the Property is currently zoned Mixed-Use (MU-V) with a General Plan Designation of Mixed-Use Village (MU-V).



## **DISCUSSION:**

On June 2, 2018, staff issued a Request for Proposals (RFP) for development of the Property. On August 2, 2018, the RFP deadline, staff received one (1) proposal from California Square Partners LLC, which is summarized as follows:

Project Area:	Approximately 1.5 buildable acres
Purchase Price:	\$710,000 (subject to a fair market appraisal)
Proposed Project:	Approximately 80 mid-market rental apartments and 7,500 square feet of retail space
Anticipated Development Cost:	\$15,039,970

With the Development Committee's consent, staff will prepare a Purchase, Sale and Development Agreement with California Square Partners LLC, to include the \$710,000 purchase price (subject to an independent third-party fair market value appraisal), proposed use, due diligence period, schedule of performance, and conditions and restrictions for final consideration by the Successor Agency, Countywide Oversight Board and Department of Finance.

## **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 percent of the sales price less all title, escrow, and miscellaneous closing costs. Any profits realized from the sale of assets are used to pay for existing obligations, which in turn increases the amount of property tax distributed to the various taxing agencies including the City.

Prepared by:	David Welch, Interim Community & Economic Development Director
Certified as to availability of funds:	Edward Enriquez, Interim Chief Financial Officer/City Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	Presentation
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