



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 9, 2019

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT

SUBJECT: PURCHASE, SALE, AND DEVELOPMENT AGREEMENT WITH JAMES E. THORNELL, DBA JAMES DEVELOPMENT, FOR THE SALE OF 2 CITY-OWNED VACANT LAND SITES CONTAINING APPROXIMATELY 0.30 ACRES LOCATED AT THE EASTERLY TERMINUS OF ELIZABETH STREET FOR THE COMBINED SALE PRICE OF \$140,000

ISSUE:

Approve a Purchase, Sale, and Development Agreement with James E. Thornell, dba, James Development, of Riverside, for the sale of 2 City-owned vacant land sites containing approximately 0.30 acres located at the easterly terminus of Elizabeth Street, also known as Assessor Parcel Numbers 225-073-027, 225-073-028, and 225-074-012, for the combined sale price of \$140,000.

RECOMMENDATIONS:

That the City Council:

1. Approve a Purchase, Sale, and Development Agreement with James E. Thornell, dba, James Development, for the sale of 2 City-owned vacant land sites containing approximately 0.30 acres located at the easterly terminus of Elizabeth Street, also known as Assessor Parcel Numbers 225-073-027 and 225-073-028 in the amount of \$85,000 and Assessor Parcel Number 225-074-012 in the amount of \$55,000 totaling \$140,000; and
2. Authorize the City Manager, or his designee, to execute the Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete the transaction and to expend up to \$12,000 for title, escrow, real estate brokerage commission(s), and miscellaneous related closing costs.

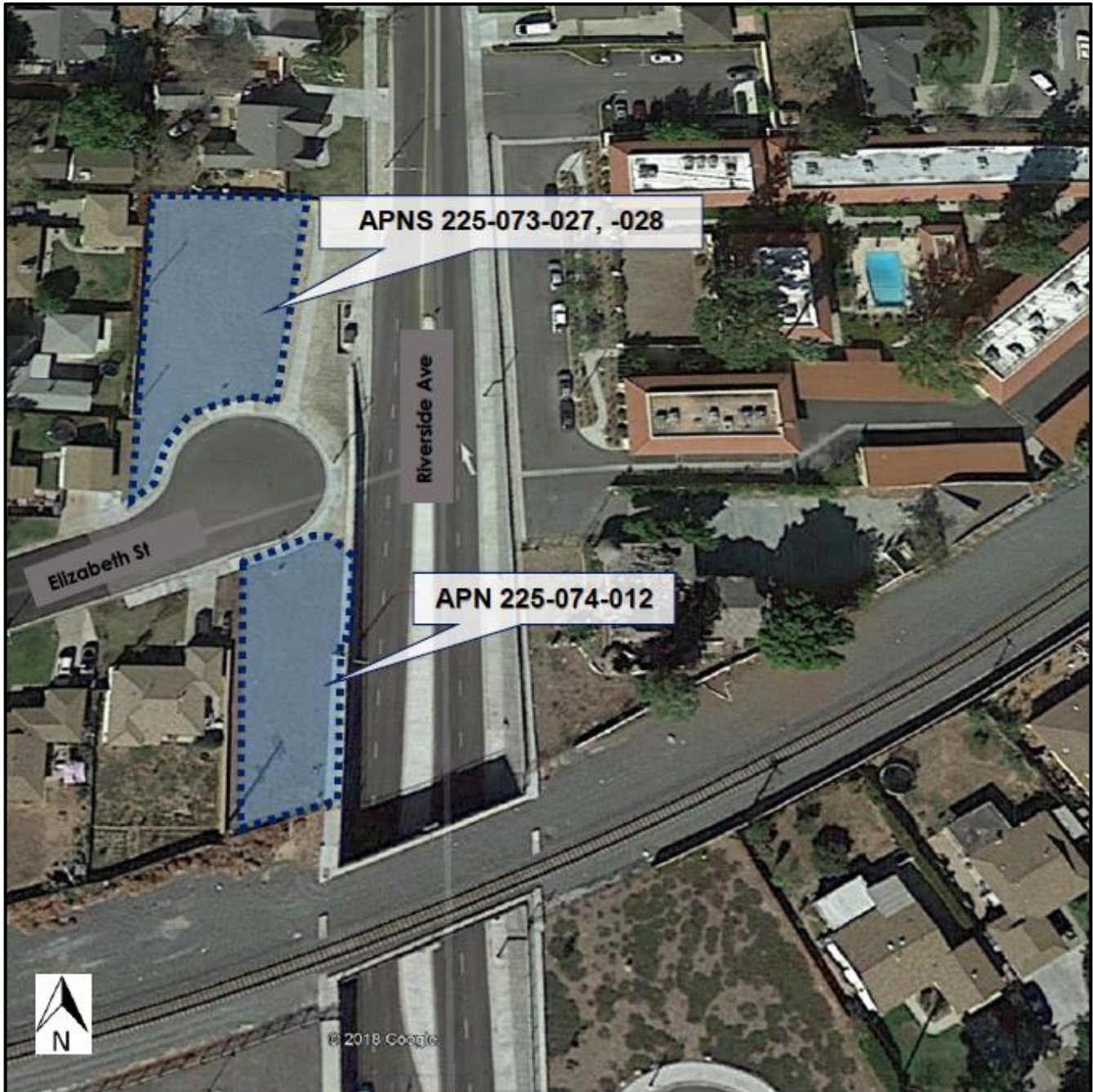
BACKGROUND:

On May 16, 2017, the City Council declared Assessor's Parcel Number 225-074-012, which is 5,199 square feet, surplus; and on June 12, 2018, the City Council declared Assessor's Parcel Numbers 225-073-027 and 225-073-028, which total 7,988.1 square feet, surplus (Properties).

Both Properties were previously improved with single family detached residences that fronted onto Riverside Avenue. As a result of the Riverside Avenue Grade Separation Project, Elizabeth Street was converted into a cul-de-sac and the City-owned Properties are now situated at the easterly terminus of Elizabeth Street.

DISCUSSION:

The Properties shown in the map below are zoned R-1-7000, suitable for single family residential development. The General Plan Designation for Assessor's Parcel Numbers 225-073-027, 225-073-028 is Medium Density Residential; however, Assessor's Parcel Number 225-074-012 is designated as Mixed Use Neighborhood.



No interest was received from any Public Agencies following the 60-day offering period as required by government Code Section 54220, et seq. James E. Thornell, a local residential developer (Buyer), approached the City with an interest in constructing a single family residence on each of the properties. The Buyer engaged the assistance of Tom Shook, a local real estate broker from Modern Dwellings of Riverside, to negotiate the terms of the Agreement.

The Agreement allows the Buyer to have up to 24 months from the Effective Date of the Agreement to complete his due diligence review of the Properties, obtain development entitlements and close escrow. The Buyer shall have up to four months from the close of escrow to commence construction and 12 months to complete construction.

The City recently had both properties separately appraised by an independent third party appraiser. Assessor's Parcel Numbers 225-073-027 and 225-073-028 were appraised for \$85,000 and Assessor's Parcel Number 225-074-012 was appraised for \$55,000. The Buyer accepted the appraised value for each property and the terms of the attached Agreement.

The Community & Economic Development Director and staff have reviewed and determined that the combined sale price of \$140,000 for the Properties represents the current fair market value of the Properties and recommend entering into the Agreement. The Buyer shall be responsible for all costs for project entitlements, including a general plan amendment which is required for Assessor's Parcel Number 225-074-012. The City agrees to pay a \$4,200 brokerage commission to Tom Shook of Modern Dwellings which represents 3% of the total sale price amount of \$140,000.

The Public Works Director concurs with the recommendations in the staff report.

FISCAL IMPACT:

The Properties are City owned and are being sold for \$140,000 less the brokerage commission, title, escrow, and miscellaneous related closing costs for a total not to exceed amount of \$12,000. The estimated net proceeds from the sale in the amount of \$128,000 shall be deposited into Public Works Riverside Ave/UPRR Grade Separation – 2009 Measure A account number 9595730-440313.

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

Attachment: Purchase, Sale, and Development Agreement