



City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

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

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT

**SUBJECT: RESOLUTION AND APPROVAL OF A PURCHASE AND SALE AGREEMENT
WITH JAMES E. THORNELL D.B.A JAMES DEVELOPMENT FOR
APPROXIMATELY 0.48 ACRES OF SUCCESSOR AGENCY-OWNED VACANT
LAND, LOCATED AT 3441 CENTRAL AVENUE, BEARING ASSESSOR
PARCEL NUMBERS 225-173-028 AND -031, FOR THE DEVELOPMENT OF A
SINGLE FAMILY RESIDENTIAL HOUSE**

ISSUE:

Adoption of a Resolution and approval of a Purchase and Sale Agreement with James E. Thornell d.b.a. James Development of Riverside, for the disposition of approximately 0.48 acres of Successor Agency-owned vacant land, located at 3441 Central Avenue, bearing Assessor Parcel Numbers 225-173-028 and -031, for the development of a single family residential house.

RECOMMENDATIONS:

That the Successor Agency Board:

1. Adopt the attached Resolution authorizing the execution of a Purchase and Sale Agreement for the disposition of approximately 0.48 acres of Successor Agency-owned vacant land, located at 3441 Central Avenue, bearing Assessor Parcel Numbers 225-173-028 and -031, for the development of a single family residential house, to be presented to the Countywide Oversight Board and Department of Finance for final consideration and approval; and
2. Recommend that the Countywide Oversight Board adopt a second resolution authorizing the execution the attached Purchase and Sale Agreement for the disposition of approximately 0.48 acres of Successor Agency-owned vacant land, located at 3441 Central Avenue, bearing Assessor Parcel Numbers 225-173-028 and -031, for the development of a single family residential house, to be presented to the Department of Finance for final consideration and approval.
3. Authorize the City Manager, or his designee, to execute the Purchase and Sale Agreement and any related documents and to take any and all actions to complete the transaction, including making minor nonsubstantive changes.

DEVELOPMENT COMMITTEE RECOMMENDATIONS:

On August 23, 2018, the Development Committee met and unanimously recommended that the Successor Agency Board 1) select the development proposal from James E. Thornell d.b.a. James Development for the disposition of approximately 0.48 acres of Successor Agency-owned vacant land, located at 3441 Central Avenue, bearing Assessor Parcel Numbers 225-173-028 and -031, for the development of a single family residential house; and 2) directed staff to negotiate a Purchase and Sale Agreement with James Development for disposition of the Property to be presented to the Successor Agency, Countywide Oversight Board and Department of Finance for final consideration and approval.

BACKGROUND:

Through various means (grant, relinquishment, vacation and donation) beginning in the late 1950's, the City acquired 3441 Central Avenue, bearing Assessor Parcel Numbers 225-173-028 and -031 (Property), adjacent to the 91 Freeway on the north side of Central Avenue. A portion of the Property was previously transferred to the State of California and has been incorporated into the westbound 91 freeway off-ramp. The balance of the Property is approximately 0.48 acres and is irregularly shaped.

On June 1, 1999, the City Council authorized the transfer of the Property to the Redevelopment Agency at no cost. It was the City's intent that the Property would serve as a location of signage related to the Magnolia Center Project Area. Unfortunately, the Property is located in a "landscaped freeway area", and the Redevelopment Agency was never able to secure the intended signage as Caltrans would not approve the permit. As such, the former Redevelopment Agency (now Successor Agency) marketed the Property for sale but has received little to no interest over the past few years because of its small size and difficult access.

On February 6, 2018, the Successor Agency Board approved, and on February 14, 2018 the Oversight Board approved, the grant of a 600 square foot permanent street and highway easement to accommodate intersection signals and related equipment to the Riverside County Transportation Commission (RCTC), which was subsequently approved by the State Department of Finance (as shown on the site map below, highlighted in yellow).



DISCUSSION:

In March 2018, staff received two unsolicited proposals from: 1) James E. Thornell d.b.a. James Development and 2) Leaping Frog Investments, LLC. The unsolicited proposals consisted of the following basic terms:

	James Development	Leaping Frog Investments, LLC
Proposed Development:	Single Family Residential	Single Family Residential
Project Details:	3 Bedrooms, 2 full baths, 2 car garage	3 Bedrooms, 2 full baths, 2 car garage
House Size:	1,506 Square Feet	1,500 Square Feet
Purchase Price:	\$21,200	\$4,500

By way of background, James E. Thornell d.b.a. James Development, has built and sold approximately 45 homes throughout Riverside and the Inland Southern California region for re-sale. Notable Riverside projects include 7651 Lincoln Avenue, 7804 Casa Blanca Street, and 6623 Calvin Court. Conversely, Leaping Frog Investments, LLC is a real estate investment firm that constructs new homes on vacant lots and also renovates distressed properties for re-sale. Leaping Frog Investments, LLC has approximately three years of experience developing residential and commercial projects with limited development experience in the City of Riverside.

After recent further analysis and as a result of higher-than-anticipated development costs since their initial proposal, James Development has proposed a reduced purchase price of \$10,000. Staff supports this new purchase price because it is higher than the appraised value of \$4,250 and the competing development proposal from Leaping Frog Investments, LLC.

As directed by the Development Committee, staff has developed a Purchase and Sale Agreement, which includes the following notable provisions:

The terms of the sale of the Property include:

1. Purchase Price: \$10,000.
2. Deposit: \$2,200 which becomes non-refundable after 30 days unless the Successor Agency (Seller) defaults.
3. Due Diligence: James E. Thornell d.b.a. James Development (Buyer) has 30 days following the Effective Date of the Purchase and Sale Agreement to complete its review of the Property.
4. Planning Application: Buyer shall submit an application to the Planning Division for Design Review and entitlements within 90 days following the Effective Date of the Purchase and Sale Agreement.
5. Entitlements and Environmental Clearance: Buyer shall obtain all of the necessary entitlements, including Grading and Building Permits and Close Escrow within 12 months following the Effective Date of the Purchase and Sale Agreement. Close of Escrow may be extended for 90 days upon mutual consent of the parties.
6. Construction: Buyer shall start construction within 120 days following Close of Escrow and shall complete construction within 12 months from Close of Escrow.

Staff recommends that the Successor Agency Board approve the attached Purchase and Sale Agreement for the disposition of the Property to James E. Thornell d.b.a. James Development, for the sale amount of \$10,000, to facilitate the development of a single family residential house.

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.

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

Concurs with:



Mike Gardner, Chair
Development Committee

Attachments:

1. Resolution
2. Exhibit "A" to the Resolution
3. Purchase, Sale, and Development Agreement