

City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 18, 2019

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

**SUBJECT: ADOPTION OF A RESOLUTION APPROVING A PURCHASE, SALE, AND
DEVELOPMENT AGREEMENT WITH GRAPEVINE ECONOMIC
DEVELOPMENT FUND, INC., FOR THE DISPOSITION OF SUCCESSOR
AGENCY-OWNED LAND OF APPROXIMATELY 1.9 ACRES, LOCATED AT
2731-2871 UNIVERSITY AVENUE, BEARING ASSESSOR PARCEL NUMBERS
211-131-021, -022, -023, -024, -026, -031, AND -032, FOR A MIXED-USE
RETAIL AND MULTI-FAMILY MIXED-INCOME HOUSING PROJECT FOR THE
SALE THE AMOUNT OF \$1,270,000**

ISSUE:

Adopt a resolution authorizing the City of Riverside as the Successor Agency to the Redevelopment Agency of the City of Riverside to enter into a Purchase, Sale, and Development Agreement with Grapevine Economic Development Fund, Inc., of Sherman Oaks, California for the disposition of Successor Agency-owned land of approximately 1.9 acres, located at 2731-2871 University Avenue, bearing Assessor Parcel Numbers 211-131-021, -022, -023, -024, and -026, -031, and -032, for the construction of a mixed-use retail and mixed-income housing project for the sale amount of \$1,270,000 in accordance with the Successor Agency's Long Range Property Management Plan.

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt a resolution authorizing the execution of a Purchase, Sale, and Development Agreement with Grapevine Economic Development Fund, Inc. for the disposition of Successor Agency-owned land of approximately 1.9 acres located at 2731-2871 University Avenue, bearing Assessor's Parcel Numbers Numbers 211-131-021, -022, -023, -024, and -026, -031, and -032, for the construction of a mixed-use retail and multi-family mixed-income housing project for the sale amount of \$1,270,000 in accordance with the Successor Agency's Long Range Property Management Plan, to be presented to the Countywide Oversight Board and Department of Finance for final consideration and approval;
2. Recommend that the Countywide Oversight Board adopt a separate resolution

authorizing the execution of a Purchase, Sale, and Development Agreement with Grapevine Economic Development Fund, Inc. for the disposition of Successor Agency-owned land of approximately 1.9 acres located at 2731-2871 University Avenue, bearing Assessor's Parcel Numbers Numbers 211-131-021, -022, -023, -024, and -026, -031, and -032, for the construction of a mixed-use retail and mixed-income multi-family housing project for the sale amount of \$1,270,000 in accordance with the Successor Agency's Long Range Property Management Plan, to be presented to the Department of Finance for final consideration and approval; and

3. Authorize the Executive Director, or his designee, to take any and all actions including making minor and non-substantive modifications and execute the Purchase, Sale, and Development Agreement with Grapevine Economic Development Fund, Inc.

DEVELOPMENT COMMITTEE RECOMMENDATION:

On May 17, 2018, the Development Committee met and unanimously recommended the following: 1) that the Successor Agency select the Grapevine Economic Development Fund Inc. proposal for development; and 2) directed staff to negotiate a Purchase, Sale, and Development Agreement with Grapevine Economic Development Fund Inc. for the disposition of approximately 1.9 acres of Successor Agency-owned property, located at 2731-2871 University Avenue, bearing Assessor's Parcel Numbers Numbers 211-131-021, -022, -023, -024, and -026, -031, and -032, for the construction of a mixed-use retail and multi-family mixed-income housing project to be presented to the Successor Agency, Countywide Oversight Board, and Department of Finance for consideration.

BACKGROUND/LEGISLATIVE HISTORY:

The Successor Agency currently owns five vacant land sites along University Avenue, which includes the subject Property located at the northeast corner of University and Park Avenues. The Property consists of seven contiguous parcels of vacant land, identified as Assessor's Parcel Numbers 211-131-021, -022, -023, -024, -026, -031, and -032 (Property), as shown below.

The Property is approximately 1.9 acres of vacant land and 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. Similarly, 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. While mixed-use residential and retail is allowed, the residential density is limited to 10 dwelling units per acre. In general, retail, commercial, and office uses are permitted along the entire University Avenue corridor within the University Avenue Specific Plan. In addition, Mixed-Use Commercial and Residential Development are encouraged, consistent with the General Plan.

The Property has an underlying zoning of Commercial Retail, which is intended to allow for a broad range of indoor retail sales and services, and office uses as either stand-alone businesses or as part of commercial centers or office developments. In order to implement the

vision for University Avenue, uses within the University Avenue Specific Plan have been recently modified or expanded to allow and encourage mixed-use retail and residential development projects.

On August 13, 2014, staff issued a Request for Proposals (RFP) seeking a high quality commercial development on the Property. This effort did not result in any responses.

On December 19, 2014, the Development Committee received an update on the RFP for the Property, provided input regarding the preferred development of the site, and directed staff to amend the RFP to seek a mixed-use development for the Property.

On May 14, 2015, prior to issuing the RFP, community meetings were held to obtain input from residents, property owners and business owners. Based on the feedback received from the participants, the community preferred development of a high quality commercial project (retail, restaurant or office use or a combination of these uses) with no housing and a grocery store for the Property.

On September 21, 2015, based on the feedback received from the participants, staff issued a new RFP seeking proposals for development of a high quality commercial project, including retail, restaurant or office use or a combination of these uses, with a grocery store for the Property, from qualified developers. Only one proposal was received which proposed development of a commercial project consisting of a DaVita Dialysis and restaurant space. Staff rejected the proposed project since it did not include a grocery store as envisioned by the community.

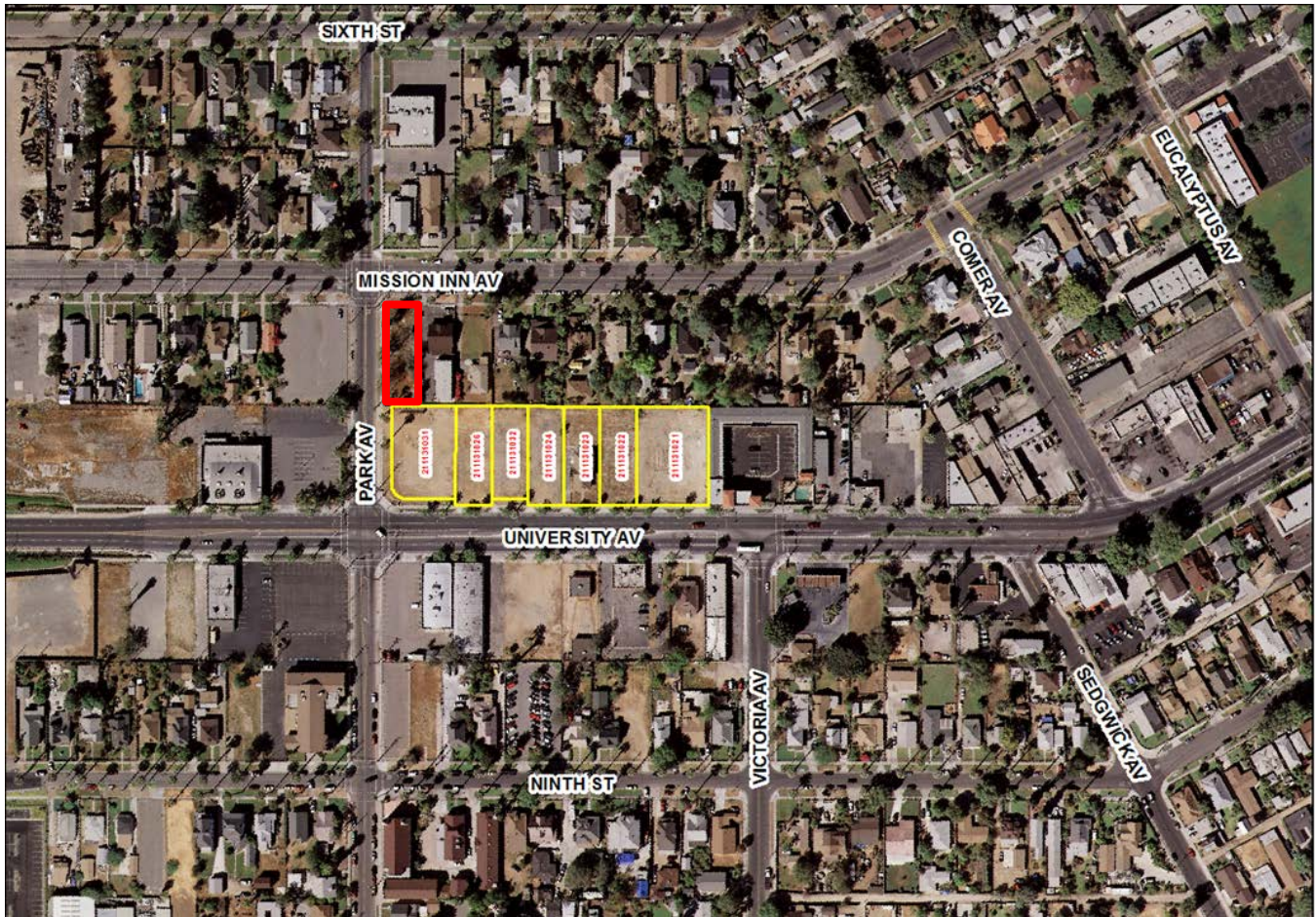
On October 27, 2017, staff received an unsolicited proposal from Grapevine Economic Development Fund, Inc., consisting of a mixed-use retail and affordable housing development project with a grocery store as an anchor tenant at the northeast corner of University and Park Avenues. After reviewing the proposal, it was determined that the developer has extensive development experience and has completed similar projects in other cities. Therefore, a new RFP was not issued, and staff conducted community outreach to solicit input from the community on the proposed project.

On May 17, 2018, the Development Committee reviewed and approved staff to negotiate a Purchase and Development Agreement with Grapevine Economic Development Fund, Inc. for the disposition of approximately 1.9 acres of Successor Agency-owned land, located at 2731-2871 University Avenue, identified as Assessor's Parcel Numbers Numbers 211-131-021, -022, -023, -024, and -026, -031, and -032, for the construction of a mixed-use retail and multi-family affordable housing project.

DISCUSSION:

The proposed mixed-use development of the Property (see aerial site map below in yellow) includes at least sixty dwelling units, and possibly more subject to development entitlements, that will be rented to mixed-income tenants, with at least 20% of the dwelling units available at, or below, 50% of the Area Median Income, at the appropriate rents as those defined by the United States Department of Housing and Urban Development (HUD), plus one unit for the on-site property manager, and four separate permanent supportive housing units for the City's Housing First Initiative. Moreover, the proposed development is anticipated to include a

minimum of 2,500 square feet of commercial/retail space, a gateway feature, and an open-space recreational feature to serve the Project.



After ongoing discussions with Grapevine Economic Development Fund, Inc., the Successor Agency and the Housing Authority have agreed to assemble the Successor Agency properties totaling approximately 1.9 acres and the Housing Authority property of approximately 0.23-acres located at 2882 Mission Inn Avenue (see aerial site map above in red) to maximize the opportunity to develop mixed-income housing in the Eastside Neighborhood. The Housing Authority will prepare a separate Disposition and Development Agreement for future City Council/Housing Authority Board consideration.

The proposed development of the Successor Agency Property is summarized as follows:

- Total Site Area: 1.9 acres (82,764 square feet)
- Purchase Price: \$1,270,000
- At least 60 housing units in which a minimum of 20% of the total units will be made available as affordable housing units at or below 50% of the Area Median Income as defined by HUD, plus one unit for the on-site property manager
- 4 separate permanent supportive housing units for the City's Housing First Initiative
- At least 2,500 square feet of retail space
- A Project gateway feature; and
- An open-space recreational feature to serve the Project

Overall, this project represents a significant benefit to the Eastside community with the opportunity for at least 20% of the units to be restricted for affordable housing. Additionally, the new residents will support local businesses, reduce vehicle traffic by providing housing in proximity to shopping, dining and entertainment.

To facilitate the proposed development, staff proposes that the Successor Agency Board recommend that the Countywide Oversight Board adopt a separate resolution authorizing execution of the Purchase, Sale, and Development Agreement with Grapevine Economic Development Fund, Inc. for the disposition of Successor Agency-owned land of approximately 1.9 acres located at 2731-2871 University Avenue, bearing Assessor's Parcel Numbers 211-131-021, -022, -023, -024, and -026, -031, and -032, for the development of a mixed-use retail and multi-family mixed-income housing project for the sale amount of \$1,270,000 in accordance with the Successor Agency's Long Range Property Management Plan.

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 estimated not to exceed \$15,000.

Prepared by:	David Welch, Community & Economic Development Director
Certified as to the 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. Purchase, Sale, and Development Agreement