

City of Arts & Innovation

Development Committee

TO: DEVELOPMENT COMMITTEE MEMBERS DATE: JULY 18, 2019

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 2

SUBJECT: CONSIDERATION OF AN UNSOLICITED PROPOSAL FROM STEELCRAFT, LP FOR THE SUCCESSOR AGENCY-OWNED VACANT LAND LOCATED AT 1910 UNIVERSITY AVENUE AND 3870 OTTAWA AVENUE, IDENTIFIED AS ASSESSOR PARCEL NUMBERS 221-052-002 AND 221-061-002 FOR THE DEVELOPMENT OF AN OUTDOOR URBAN EATERY PROJECT AND SURFACE PARKING LOT - DIRECT SUBMITTAL

ISSUE:

Review and consider an unsolicited proposal from SteelCraft, LP for the Successor Agency-owned vacant land located at 1910 University Avenue and 3870 Ottawa Avenue, identified as Assessor Parcel Numbers 221-052-002 and 221-061-002 (collectively the "Properties"), for the development of an outdoor urban eatery project and surface parking lot.

RECOMMENDATIONS:

That the Development Committee:

1. Review and consider an unsolicited proposal from SteelCraft, LP for the Successor Agency-owned vacant land located at 1910 University Avenue and 3870 Ottawa Avenue, identified as Assessor Parcel Numbers 221-052-002 and 221-061-002 for the development of an outdoor urban eatery project and surface parking; and
2. Direct staff to negotiate a Purchase, Sale and Development Agreement with SteelCraft, LP for the development of an outdoor urban eatery project and surface parking lot to be presented to the Successor Agency Board, Countywide Oversight Board and Department of Finance for final consideration and approval.

BACKGROUND:

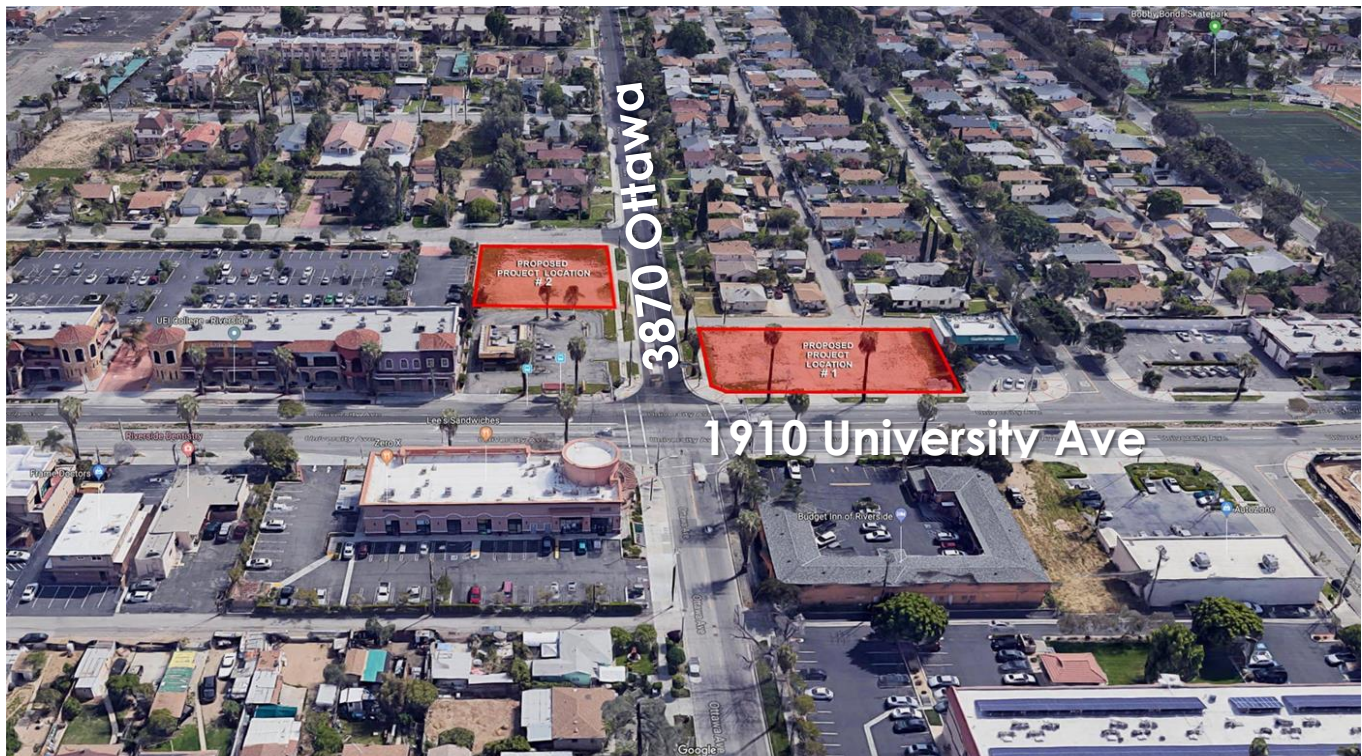
As a result of the former Redevelopment Agency's effort within the University Corridor/Sycamore Canyon Merged Redevelopment Project Area, many neglected and developed properties with undesirable uses along University Avenue were acquired and cleared in order to provide opportunities for street-focused development featuring pedestrian-scale commercial and mixed-use projects that comply with the established Redevelopment Plan and Implementation Plan for the Project Area, the University Avenue Specific Plan, and the General Plan.

On September 5, 2006, in an effort to eliminate blighted properties, the City Council and former Redevelopment Agency authorized a Resolution of Necessity to acquire the former Big L Motel at 3870 Ottawa Avenue (as shown on the map below in red). The site was subsequently demolished and is now vacant land.

On August 31, 2007, the City Council and former Redevelopment Agency approved the acquisition of 1910 University Avenue (also as shown on the map below in red) to clear a blighted motel and facilitate a more desirable development along University Avenue.

On May 14, 2018, staff issued a Request for Proposals (RFP) for development of both properties. On July 27, 2018, the RFP deadline, staff received two (2) proposals; 1) Best Investment, LLC for the development of a commercial building and a two-story parking structure and 2) Riverside Community Health Foundation for the development of a private medical office building.

On January 17, 2019, the Development Committee reviewed both proposals and concluded that the projects proposed were not the highest and best use for the Properties and directed staff to re-issue the RFP.



DISCUSSION

1910 University Avenue is currently zoned Commercial Retail (CR) with a General Plan designation of Mixed-Use Village (MU-V) and is located within the University Avenue Specific Plan Sub-district 2. The property is approximately 20,908 square feet of vacant land. The current fair market value of this site, pursuant to a third-party independent appraisal, is \$272,000 with a date of value of January 8, 2018.

3870 Ottawa Avenue is currently zoned Residential (R-3-1500-SP) with a General Plan designation of Mixed-Use Village (MU-V) and is located within the University Avenue Specific

Plan Sub-district 2. The property is approximately 16,552 square feet of vacant land. It will require a Specific Plan amendment to accommodate the proposed surface parking, which will be the responsibility of SteelCraft, LP. The current fair market value of this site, pursuant to a third party independent appraisal is \$132,500 with a date of value of January 8, 2018.

Prior to re-issuing a new RFP for disposition and development of the Properties, staff received an unsolicited proposal from SteelCraft, LP (of Long Beach) for the proposed development of an outdoor urban eatery project and surface parking lot similar in size and scope to SteelCraft's other active developments in Long Beach, Bellflower, and Garden Grove. The proposed "all-cash" purchase price for both Properties is \$404,500.

With the Development Committee's consent, staff will negotiate and prepare a Purchase, Sale and Development Agreement with SteelCraft, LP for the development of an outdoor urban eatery project and surface parking lot for final consideration by the Successor Agency Board, Countywide Oversight Board, and the Department of Finance.

FISCAL IMPACT:

All sale proceeds of the Properties 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 not to exceed \$10,000.

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

Attachment:	Presentation
-------------	--------------