



City of Arts & Innovation

Economic Development, Placemaking and Branding/ Marketing Committee

TO: ECONOMIC DEVELOPMENT, PLACEMAKING AND BRANDING/MARKETING COMMITTEE MEMBERS **DATE: MAY 21, 2020**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT **WARD: 7**

SUBJECT: CONSIDERATION OF A DEVELOPMENT PROPOSAL FROM R. C. HOBBS COMPANY, INC. FOR 0.95 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND KNOWN AS FIVE POINTS – SITE C, LOCATED AT THE SOUTHEAST CORNER OF HOLE AND BUSHNELL AVENUES, IDENTIFIED AS ASSESSOR'S PARCEL NUMBERS 146-231-016, 146-231-017, 146-231-027, 146-231-031, 146-231-032, 146-231-033, 146-231-034, AND 146-231-036 FOR THE DEVELOPMENT OF A MULTI-FAMILY RESIDENTIAL PROJECT - DIRECT SUBMITTAL

ISSUE:

Review and consider a development proposal from R. C. Hobbs Company, Inc. for 0.95 acres of Successor Agency-owned vacant land known as Five Points – Site C, located at the southeast corner of Hole and Bushnell Avenues, identified as Assessor's Parcel Numbers 146-231-016, 146-231-017, 146-231-027, 146-231-031, 146-231-032, 146-231-033, 146-231-034, and 146-231-036 for the development of a multi-family residential project.

RECOMMENDATIONS:

That the Economic Development, Placemaking and Branding/Marketing Committee recommend that the City Council:

1. Review and consider the development proposal from R. C. Hobbs Company, Inc. for 0.95 acres of Successor Agency-owned vacant land known as Five Points – Site C, located at the southeast corner of Hole and Bushnell Avenues, identified as Assessor's Parcel Numbers 146-231-016, 146-231-017, 146-231-027, 146-231-031, 146-231-032, 146-231-033, 146-231-034, and 146-231-036 for the development of a multi-family residential project; and
2. Direct staff to negotiate a Purchase, Sale, and Development Agreement with R.C. Hobbs Company, Inc. for the development of a multi-family residential project to be presented to the Successor Agency Board and Countywide Oversight Board for final consideration and approval.

BACKGROUND:

The former Redevelopment Agency acquired the Property, referred to as Five Points - Site C, for the Five Points Improvement Project. The Property, containing 0.95 acres of Successor Agency-owned vacant land, is zoned Commercial and the General Plan designation is Mixed-Use Village. There is full access to the Property from Bushnell Avenue; however, access to the Property from Hole Avenue is limited to a right-in and right-out drive approach as a result of an access denial as part of the Five Points Street Improvement Project.

Following the dissolution of all California redevelopment agencies, the City of Riverside's Redevelopment Agency prepared a state-mandated Long-Range Property Management Plan (LRPMP) which the City Council, acting as the Successor Agency Board, adopted and was approved by the Department of Finance on March 6, 2014. The LRPMP included the recommendation of the disposition of the Former Redevelopment Agency's real property assets (Properties) by the Successor Agency for fair market value. The LRPMP did not require Successor Agencies to formally declare its Properties surplus as part of its disposition policy.

As of January 1, 2020, California Public Agencies had to expand their roles under the Surplus Land Act primarily aimed at satisfying the new housing element requirements under Assembly Bill 1486 (AB 1486). AB 1486 has placed new requirements on the Successor Agency when disposing of its Properties. The new requirements expand the types of agencies subject to the Surplus Land Act (SLA) by adding sewer, water, utility, and local and regional park districts, joint powers authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions to the list of agencies mandated to follow the requirements of SLA.

However, Successor Agencies are eligible for an exemption to the revised SLA provided that a fully executed Purchase, Sale and Development Agreement is approved by the City Council as Successor Agency, Countywide Oversight Board, and the State of California Department of Finance prior to December 31, 2020. An additional requirement is to close escrow prior to December 31, 2022, subject to the Buyer obtaining entitlements.

DISCUSSION:

On June 27, 2019, staff issued a Request for Proposal (RFP) for development of the Property as depicted below. On September 27, 2019, the RFP deadline, staff received proposals from Achieve Development and Management Group (ADMG) and R. C. Hobbs Company, Inc. (R.C. Hobbs). ADMG rescinded their proposal on March 2, 2020. On March 3, 2020, the Selection Committee interviewed R.C. Hobbs Company, Inc. and subsequently determined their multi-family residential project was viable. Their site plan as well as a conceptual rendering for the proposed development are included as an attachment to this report.



The R.C. Hobbs Inc. proposal is summarized below:

- Site Area: 0.945 acres
- Purchase Price: To be determined by an independent third-party appraisal
- Proposed Project: Approximately 30 multi-family residential units
- Anticipated Total Project Investment: \$7,900,000

R. C. Hobbs, Inc. was founded in 1976 by Mr. Roger C. Hobbs. R.C. Hobbs has successfully sold, developed and managed nearly one billion dollars of commercial, industrial and residential real estate in California and Montana. Additionally, R.C. Hobbs has been recognized with local, state, and national awards. R. C. Hobbs is currently in the process of obtaining entitlements for the development of the Successor Agency-owned land located at Pierce Street and La Sierra Avenue referred to as Five Points - Site B as well as the City-owned surplus land located at Magnolia Avenue and Elizabeth Street.

The City staff Selection Committee determined that R.C. Hobbs has sufficient development experience to undertake the acquisition and development of the Property as proposed. An appraisal by an independent third-party appraiser shall be obtained to establish the purchase price of the Property. As such, staff recommends that the Economic Development, Placemaking and Branding/Marketing Committee recommends that City Council support the proposal submitted by R.C. Hobbs.

FISCAL IMPACT:

The Property is Successor Agency-owned and will require the value of the Property to be determined by an independent third-party appraiser. All sale proceeds less related title, escrow and miscellaneous closing costs will be remitted to the Riverside County Auditor Controller's Office (ACO) upon receipt of funds. The ACO will distribute the sale proceeds to the various taxing entities and report the sale to the State Department of Finance. The City's portion of the sales proceeds is estimated to be approximately 14 percent of the sales price.

Prepared by:
Certified as to the
availability of funds:

David Welch, Community & Economic Development Director
Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachment:

1. Site Plan and Conceptual Rendering
2. Presentation