

City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 27, 2020

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARD: 3
DEPARTMENT

SUBJECT: SURPLUS DECLARATION OF APPROXIMATELY 0.61 ACRES OF CITY-OWNED VACANT LAND IN ITS AS-IS CONDITION LOCATED AT 7270 BODEWIN COURT, BEARING ASSESSOR PARCEL NUMBER 243-460-018, FORMERLY KNOWN AS THE WHITEGATES I RESERVOIR

ISSUE:

Approve the surplus declaration of approximately 0.61 acres of City-owned vacant land in its as-is condition located at 7270 Bodewin Court, bearing Assessor Parcel Number 243-460-018, formerly known as the Whitegates I Reservoir.

RECOMMENDATIONS:

That the City Council:

1. Declare as surplus approximately 0.61 acres of City-owned vacant land in its as-is condition located at 7270 Bodewin Court, bearing Assessor Parcel Number 243-460-018, formerly known as the Whitegates I Reservoir; and
2. Authorize the marketing and sale of the property located at 7270 Bodewin Court, pursuant to Assembly Bill 1486 and in accordance with the City's Administrative Manual 08.003.00 for the Disposition and Sale of City-Owned Real Property.

BOARD RECOMMENDATION:

On September 28, 2020, the Board of Public Utilities unanimously recommended that the City Council approve the surplus declaration of approximately 0.61 acres of City-owned vacant land in its as-is condition located at 7270 Bodewin Court, bearing Assessor Parcel Number 243-460-018, formerly known as the Whitegates I Reservoir, and authorize the marketing and sale of the property pursuant to Assembly Bill 1486 and in accordance with the City's Administrative Manual 08.003.00 for the Disposition and Sale of City-Owned Real Property.

BACKGROUND:

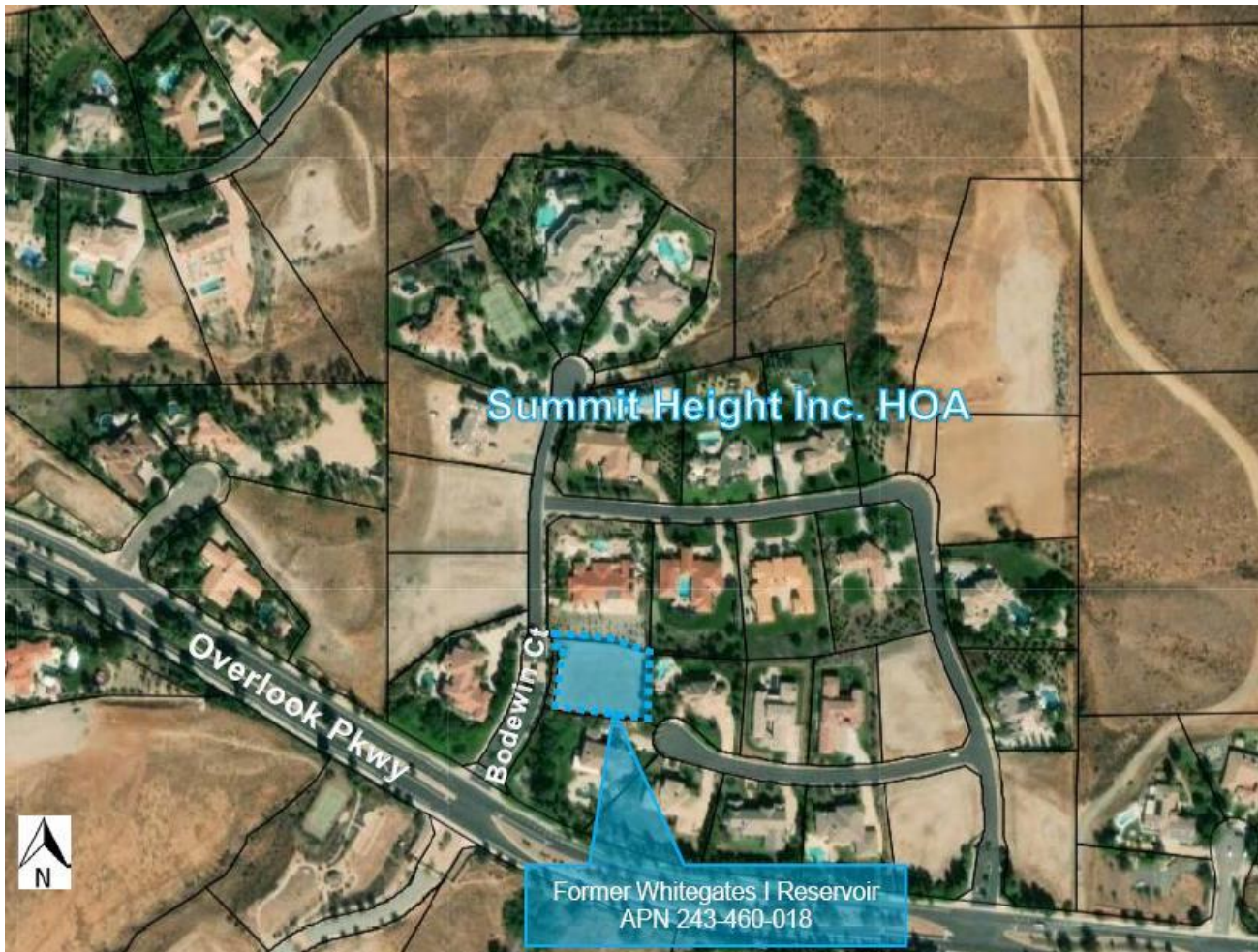
On January 6, 2009, City Council approved the demolition of the Whitegates I Reservoir (Property) after determining it was too undersized to adequately serve the current storage needs of the surrounding area. The demolition project included the removal of the existing 0.5-million-gallon reservoir, pump station, and supporting infrastructure.

The Property is located outside the private entrance into the Hawarden Summit, Inc. community on Bodewin Court north of Overlook Parkway. The Hawarden Summit, Inc. community is a non-profit private homeowner association (HOA). The City of Riverside (City) received interest in the Property on September 10, 2018; however, research revealed access to the Property is restricted to maintenance of the facility which potentially prohibits private development. Annexation into the adjacent Hawarden Summit community would resolve the access matter.

DISCUSSION:

The Property contains 26,604 square feet and is surrounded by a block wall. Zoning is Residential Conservation and the General Plan designation is Hillside Residential. The vicinity is subject to Proposition R and Measure C which allows one dwelling unit per 0.50 acres.

The Property is shown in blue on the aerial site map below:



The Property only has access for site maintenance which limits the developmental value. Staff had the property appraised in its current as-is condition and under a hypothetical condition as if it were annexed into the HOA. The valuations and costs are as follows:

Options	Condition	Appraised Value	Annexation Cost & Dues	Probable Sales Price
1	As is – site access for maintenance	\$105,000	None	\$105,000
2	HOA annexed – full site access	\$220,820	(\$20,820)	\$200,000

The HOA is receptive to the annexation idea contingent upon either the City or a future buyer agreeing to be responsible for the estimated cost of \$12,000 to process the annexation and subject to HOA’s Board approval. In addition to the annexation cost, the City or future buyer will incur the current monthly HOA dues of \$245 upon completion of the annexation. Any future development of the Property will be subject to the HOA’s by-laws. It is estimated that the fee for the annexation and dues for 36 months could amount to \$20,820.

Although the appraiser concluded a higher value for the Property if annexed into the HOA, there are costs and risks for the City to undertake this process. Furthermore, staff is uncertain if a future buyer would actually be willing to pay the higher appraised value. As such, the City could be in a position to pay the monthly HOA fees in perpetuity or until such time as a development proposal can be mutually agreed upon for the City to sell the Property. Staff has received interest from a potential buyer for the Property in its current as-is condition.

The disposition process for the sale of surplus property has recently been changed with the passage of Assembly Bill 1486 (AB 1486) on October 9, 2019. Staff has initiated the disposition process with a notice to City departments asking if they can utilize the Property. No interest was received from any City department for the Property.

Once City Council declares a property as surplus, and prior to disposing or participating in negotiations with prospective buyers, per AB 1486, a written notice of availability must be sent to the affordable housing developers who have registered with the State’s Department of Housing and Community Development (HCD). Also, per California Government Code Section 54220, et seq., staff will notify other public agencies of the availability of the subject property for a 60-day period. However, the affordable housing developers will have the “first right of refusal” or priority consideration for all City-owned land that has been declared surplus. If there is no interest from a developer or public agency, staff will market the subject property to the general public to sell at fair market value in accordance with the City’s Administrative Manual 08.003.00, Disposition and Sale of City-Owned Real Property. If the property is developed with ten or more residential units, then 15% of the total project’s units must be restricted to “affordable rent to lower income households” as required by AB 1486.

Staff will offer the Property to the list of HCD affordable housing developers and other public agencies upon approval of the surplus declaration by City Council. If no interest is received within a 60-day period, the City would proceed with Option 1 above and market the Property as-is with limited site access for maintenance while seeking to find a suitable buyer for the Property. The

burden of the annexation into the HOA would be as the sole cost of the buyer/developer.

FISCAL IMPACT:

There are sufficient funds available in Public Utilities – Water Account number 6210009230-42100006 for costs associated with marketing the Property, including, but not limited to, appraisal and title reports which will be offset with the sales proceeds from the disposition of the Property. Proceeds from the sale of the property will be deposited into the Sale of Land and Buildings account 0000520-380010.

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

Attachment:	Legal Description and Plat Map
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