



*City of Arts & Innovation*

# Successor Agency to the Redevelopment Agency of the City of Riverside

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

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

**SUBJECT: ADOPTION OF A RESOLUTION APPROVING A PURCHASE, SALE AND DEVELOPMENT AGREEMENT WITH R. C. HOBBS COMPANY, INC. FOR APPROXIMATELY 0.95 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND LOCATED AT THE SOUTHEAST CORNER OF HOLE AND BUSHNELL AVENUES, KNOWN AS FIVE POINTS – SITE C, BEARING 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 SALE AMOUNT OF \$560,000 TO FACILITATE DEVELOPMENT OF A MULTI-FAMILY RESIDENTIAL PROJECT**

**ISSUES:**

Adopt a resolution authorizing the City of Riverside as Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) to enter into a Purchase, Sale, and Development Agreement with R.C Hobbs Company, Inc. of Orange, California, for approximately 0.95 acres of Successor Agency-owned vacant land located at the southeast corner of Hole and Bushnell Avenues, known as Five Points – Site C, bearing 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 sale amount of \$560,000 in accordance with the Successor Agency’s Long Range Property Management Plan and recommend that the Countywide Oversight Board adopt a separate resolution approving the Purchase, Sale and Development Agreement.

**RECOMMENDATIONS:**

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1 - Resolution) authorizing the execution of the attached Purchase, Sale, and Development Agreement (Attachment 2 - Agreement) with R.C Hobbs Company, Inc. for approximately 0.95 acres of Successor Agency-owned vacant land located at the southeast corner of Hole and Bushnell Avenues, known as Five Points – Site C, bearing 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 sale amount of \$560,000 to facilitate development of a multi-family residential project;

2. Recommend that the Countywide Oversight Board adopt a separate resolution authorizing execution of the attached Agreement with R.C Hobbs Company, Inc. for approximately 0.95 acres of Successor Agency-owned vacant land located at the southeast corner of Hole and Bushnell Avenues, known as Five Points – Site C, bearing 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 sale amount of \$560,000 in accordance with the Successor Agency’s Long Range Property Management Plan; and
3. Authorize the Executive Director, or his designee, to execute the Agreeemnt with R.C. Hobbs, Inc. including making minor, non-substansive changes, and to sign all documents and instruments necessary to complete the transaction and to expend up to \$15,000 for for title, escrow, and miscellaneous related closing costs.

**COMMITTEE RECOMMENDATION:**

On May 21, 2020, the Economic Development, Placemaking and Branding/Marketing Committee, with Chair Fierro, Vice-Chair Hemenway, and Member Edwards present, unanimously directed 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/LEGISLATIVE HISTORY:**

The former Redevelopment Agency acquired the Property, referred to as Five Points - Site C, for the Five Points Improvement Project. The site containing 0.95 acres of Successor Agency-owned vacant land, is zoned Commercial and the General Plan designation is Mixed-Use Village (Property). 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 Amended Long-Range Property Management Plan (LRPMP) which 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 will have to expand their roles under the Surplus Land Act primarily aimed at satisfying the new housing element requirements under Assembly Bill 1486 (AB 1486). The new requirements expand the types of agencies subject to the Surplus Land Act (SLA) which now specifically includes Successor Agencies.

Once a property has been declared as surplus, a written notice of availability must be sent to 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 sale 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 Successor Agency-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 sell it at fair

market value in accordance with the City’s Administrative Manual 08.003.00, 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.

Lastly, prior to agreeing to any terms for disposing of Successor Agency-owned properties, the City must provide HCD with a description of the notices of availability sent and negotiations conducted with any responding entity. HCD shall have 30 days after receipt to submit written findings if it deems that the City is in violation of the surplus property statutes.

However, there is an exception that allows Successor Agencies to avoid the new SLA disposition process by executing a binding agreement on or before December 31, 2020. For this transaction, a fully executed Purchase, Sale and Development Agreement will need to be approved by the City Council as the Successor Agency Board and the Countywide Oversight Board prior to December 31, 2020. An additional requirement is that escrow must close prior to December 31, 2022. Otherwise, the transaction is void and the Successor Agency must follow the new SLA disposition process.

The Property is outlined in yellow and is shown on the aerial site map below:



**DISCUSSION:**

On June 27, 2019, staff issued a Request for Proposal (RFP) for development of the Property as depicted above. On September 27, 2019, the RFP deadline, staff received proposals from Achieve Development and Management Group (ADMG) for a commercial development project and R. C. Hobbs Company, Inc. (R.C. Hobbs) for a residential development project. ADMG rescinded their proposal on March 2, 2020. On March 3, 2020, the Selection Committee interviewed R.C. Hobbs Company, Inc. and subsequently recommended the proposed multi-family residential project by R.C. Hobbs Company, Inc.

R. C. Hobbs 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, Hobbs have 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. R. C. Hobbs is also currently developing private property near the former Sears building at Arlington and Streeter Avenues called the Camden Collection and estimates that the total project investment for the Property will be \$7,900,000.

The R.C. Hobbs Agreement terms are summarized below:

- Site Area: 0.945 acres
- Purchase Price: \$560,000
- Deposit: \$28,000
- Proposed Project: Multi-family residential
- The Buyer must obtain development entitlements at their own expense prior to the close of escrow
- Escrow must close prior to December 31, 2022 or the Agreement is null and void

An independent third-party appraisal was obtained in the amount of \$560,000. Staff reviewed the appraisal and determined that the sale price of \$560,000 for the Property represents the current fair market value of the Property. Overall, this proposed multi-family residential project represents a significant benefit to the Five Points community.

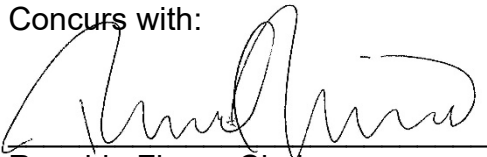
Staff recommends that the Successor Agency Board approve the attached Purchase, Sale and Development Agreement for the disposition of the Property to R. C. Hobbs, Company, Inc. for \$560,000 to facilitate development of a multi-family residential project on Successor-Agency owned vacant land located in the Five Points area.

**FISCAL IMPACT:**

The Property is Successor Agency-owned and is being sold for \$560,000 less all title, escrow, and miscellaneous related closing costs for a total not to exceed amount of \$15,000. The estimated net proceeds from the sale in the minimum amount of \$545,000 shall 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:	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:

A handwritten signature in black ink, appearing to read 'Ronaldo Fierro', written over a horizontal line.

Ronaldo Fierro, Chair

Economic Development, Placemaking and Branding/Marketing Committee

Attachments:

1. Resolution
2. Purchase, Sale, and Development Agreement