



City of Arts & Innovation

Successor Agency & Housing Authority Memorandum

TO: HONORABLE MAYOR, SUCCESSOR AGENCY & HOUSING AUTHORITY BOARD MEMBERS DATE: JUNE 22, 2021

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT WARD: 2

SUBJECT: REQUEST FOR PROPOSALS FOR 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 AND HOUSING AUTHORITY-OWNED LAND OF APPROXIMATELY 0.22 ACRES LOCATED AT 2882 MISSION INN AVENUE, BEARING ASSESSOR'S PARCEL NUMBER 211-131-001

ISSUES:

The issue for the Successor Agency Board is the preparation and issuance of a joint Request for Proposals (RFP) with the Housing Authority seeking a mixed-use retail and multi-family project to include a minimum of 15% of the residential units restricted to "low income" affordable housing levels for the 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.

The issue for the Housing Authority Board is the preparation and issuance of a joint RFP with the Successor Agency seeking a mixed-use retail and multi-family project to include a minimum of 15% of the residential units restricted to "low income" affordable housing levels for the for Housing Authority-owned land of approximately 0.22 acres located at 2882 Mission Inn Avenue, bearing assessor's parcel number 211-131-001.

RECOMMENDATIONS:

That the Successor Agency Board:

1. Approve the issuance of a joint RFP with the Housing Authority seeking a mixed-use retail and multi-family project to include a minimum of 15% of the residential units restricted to "low income" affordable housing levels for the 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.

That the Housing Authority Board:

1. Approve the issuance of a joint RFP with the Successor Agency seeking a mixed-use retail and multi-family project to include a minimum of 15% of the residential units restricted to "low

income” affordable housing levels for the Housing Authority-owned land of approximately 0.22 acres located at 2882 Mission Inn Avenue, bearing assessor’s parcel number 211-131-001.

COMMITTEE RECOMMENDATIONS:

The Committee voted unanimously to direct staff to present the item to the Successor Agency Board and Housing Authority Board for further discussion and direction. The Committee recommended the Successor Agency Board and Housing Authority Board consider and select one of two options:

- 1) Issuance of a joint RFP seeking a mixed-use retail and multi-family project to include a minimum of 15% of the residential units restricted to “low income” affordable housing levels for the 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 and Housing Authority-owned land of approximately 0.22 acres located at 2882 Mission Inn Avenue, bearing assessor’s parcel number 211-131-001; or
- 2) Enter into an exclusive/direct negotiation with Grapevine Economic Development Fund, Inc.

BACKGROUND:

The Successor Agency property, as shown on the site map below, is approximately 1.9 acres of vacant land zoned Commercial Retail (CR) and the General Plan land use designation is Mixed Use – Neighborhood (MU-N) through the University Avenue Specific Plan – Subdistrict 1. The Housing Authority property, as also shown on the site map below, is approximately 0.22 acres of vacant land and is zoned R-1-7000-SP-CR, Single Family Residential - Specific Plan (Riverside Marketplace) - Cultural Resource Overlay Zone (Seventh Street East Historic District) and is located in the Riverside Marketplace Specific Plan - Residential Subarea.



In 2006, the former Redevelopment Agency acquired the Successor Agency property located at 2731-2871 University Avenue, which consists of seven contiguous parcels of vacant land, identified as Assessor's Parcel Numbers 211-131-021, -022, -023, -024, -026, -031, and -032.

On August 13, 2014, staff issued a Request for Proposals (RFP) for the Successor Agency property seeking a high-quality commercial development, and this effort did not result in any responses.

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

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 a high-quality commercial project (retail, restaurant, or office use or a combination of these uses) with no housing and a grocery store.

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

On October 27, 2017, staff received an unsolicited development proposal from Grapevine Economic Development Fund, Inc. (Grapevine), consisting of mixed-use retail and a minimum of 20% affordable housing unit development project with a grocery store as an anchor tenant for both properties. After reviewing Grapevine's proposal, staff determined that Grapevine had extensive development experience and had completed similar projects in other cities. Therefore, an RFP was not issued, and staff conducted community outreach to solicit input from the community on Grapevine's proposed project.

On May 17, 2018, the Development Committee reviewed and authorized staff to negotiate a Purchase and Development Agreement with Grapevine for both properties for the construction of mixed-use retail and multi-family affordable housing project.

On July 18, 2019, the Countywide Oversight Board approved a Purchase and Development Agreement with Grapevine, via Resolution No. 2019-037, for the construction of a mixed-use retail and multi-family affordable housing project on the Successor Agency property. However, on December 2, 2019, escrow was canceled with Grapevine due to Grapevine's default of the Purchase and Development Agreement for failure to submit the required security deposit to escrow.

October 9, 2019, Assembly Bill 1486 ("AB 1486") was signed into law by Governor Newsom. The adoption of AB 1486 has revised the procedural requirements for the disposition of local agency surplus property and has expanded the definition of "local agency" to include land owned by a successor agency to a former redevelopment agency.

On April 7, 2020, the Housing Authority Board declared the Housing Authority-owned property as “Surplus”.

On May 21, 2020, the Countywide Oversight Board approved Resolution No. 2020-030 to declare the Successor Agency-owned property as “Surplus”.

On May 28, 2020, staff sent a written notice of availability to affordable housing developers who had registered with the State’s Department of Housing and Community Development (HCD). Staff conducted negotiations with one responding HCD developer, Logan Capital Advisors, and, after conducting their due diligence, Logan Capital Advisors withdrew their interest to proceed with the development opportunity.

On October 14, 2020, staff notified HCD of the negotiation breakdown with Logan Capital Advisors, the only interested party.

On February 10, 2021, staff received HCD’s confirmation for the Successor Agency to sell the Property at fair market value. However, if the Successor Agency and Housing Authority properties are 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.

On May 20, 2021, the Economic Development, Placemaking and Branding/Marketing Committee, with Chair Fierro, Vice Chair Hemenway and substitute Member Melendrez present, considered staff’s recommendation to issue a joint RFP for the properties and unanimously directed staff to present two choices to the Successor Agency Board and Housing Authority Board for further discussion and direction.

DISCUSSION:

Staff has recently received inquiries from affordable housing development firms and private developers regarding this site. As such, staff requests that the Successor Agency Board and Housing Authority Board approve the issuance of a joint RFP seeking a Developer for a mixed-use retail and multi-family project to include a minimum of 15% of the residential units restricted to “low income” affordable housing levels for the Successor Agency and Housing Authority-owned properties.

FISCAL IMPACT:

There is no fiscal impact associated with this report. However, future sale proceeds from the Successor Agency property will be transmitted 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. Moreover, future sales proceeds for the Housing Authority property will be reinvested into the Housing Authority’s unprogrammed fund account for future affordable housing projects.

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:	Kristi J. Smith, Interim City Attorney

Attachment: Presentation

Concurs with:

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

Ronaldo Fierro, Chair
Economic Development, Placemaking, Branding/Marketing Committee