Successor Agency to the Redevelopment Agency of the City of Riverside

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** AUGUST 11, 2026

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT **WARD:** 5

SUBJECT: ADOPT A RESOLUTION APPROVING A PURCHASE, SALE, AND DEVELOPMENT AGREEMENT WITH RAILROAD AVE STORAGE LLC FOR THE SALE OF APPROXIMATELY 3.7 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND, KNOWN AS MADISON AT RAILROAD, BEARING ASSESSOR'S PARCEL NUMBERS 230-245-013, -015, PORTION OF 230-233-013, AND PORTION OF 230-253-010, FOR $650,000 FOR DEVELOPMENT OF A MIXED-USE PROJECT INCLUDING FOUR AFFORDABLE HOUSING HOMES AND A SELF-STORAGE FACILITY

ISSUE:

Adopt a resolution authorizing the City of Riverside, as the Successor Agency to the former Redevelopment Agency of the City of Riverside (Successor Agency), to enter into a Purchase, Sale, and Development Agreement (Agreement) with Railroad Ave Storage LLC for the sale of approximately 3.7 acres of Successor Agency-owned vacant land, known as Madison at Railroad, bearing Assessor's Parcel Numbers 230-245-013, -015, portion of 230-233-013, and portion of 230-253-010 (Property) for $650,000 for development of four affordable housing 3-bedroom homes and a self-storage facility, in accordance with the Successor Agency’s Long Range Property Management Plant (Site # 25).

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1) authorizing the execution of the attached Agreement (Attachment 2) with Railroad Ave Storage, LLC, for the sale of the Property in the amount of $650,000 for development of a mixed-use project including four 100% affordable housing 3-bedroom homes and a self-storage facility;

2. Recommend that the Countywide Oversight Board adopt a Board resolution authorizing the execution of the attached Agreement with Railroad Ave Storage, LLC, for the sale of the Property in accordance with the California Department of Finance approved Long-Range Property Management Plan (State Approved LRPMP, Site #25), to be presented to the Countywide Oversight Board for final consideration and approval; and

3. Authorize the Executive Director, or designee, to take all actions, including making minor and non-substantive changes, and execute the Agreement with Railroad Ave Storage LLC.

LEGISLATIVE HISTORY:

Enacted in 1968, the Surplus Land Act (SLA) requires all local agencies to prioritize affordable housing, as well as parks and open space when disposing of surplus land. As California continues to face an affordable housing crisis, all publicly owned surplus land, according to the State, has the potential to promote affordable housing developments. As such, in 2019, Governor Newsom signed into law Assembly Bill 1486 (AB 1486) to promote the use of publicly owned surplus land for affordable housing projects. On October 9, 2020, the State of California adopted Assembly Bill No. 1486 (“AB 1486”), which provides the following: “The Legislature reaffirms its declaration that housing is of vital statewide importance to the health, safety, and welfare of the residents of this state and that provision of a decent home and a suitable living environment for every Californian is a priority of the highest order. The Legislature further declares that a shortage of sites available for housing for persons and families of low and moderate income is a barrier to addressing urgent statewide housing needs and that surplus government land, prior to disposition, should be made available for that purpose.” (Government Code Section 54220.) Pursuant to AB 1486, the Successor Agency is required by the SLA to notify local public agencies and all affordable housing developers who registered with the State’s Housing & Community Development (HCD) regarding surplus land opportunities. With the initial Notice of Availability (NOA), the SLA requires that no less than 25% of a proposed housing development be restricted to low-income qualified households. Additionally, the SLA requires an affordability covenant recorded on surplus land of 45 years for ownership housing (Regulatory Agreement), additionally the homes are subject to an equity sharing agreement consistent with the provisions of paragraph (2) of subdivision (c) of Section 65915 of the California Government Code (Declaration of Restrictive Covenants); These covenants run with the property and are enforceable against any owner.

BACKGROUND:

On January 9, 2007, the former Redevelopment Agency approved the acquisition of the subject property from the Riverside County Transportation Committee (RCTC). Shortly thereafter, approximately 15,000 square feet of the subject property (located at the corner of Railroad Avenue and Madison Street) was reserved by the City for a future grade separation project.

On December 22, 2015, City Council approved the disposition of the subject property at fair market value to Riverside Harley-Davidson for the development of a warehouse and office space. On July 15, 2021, Escrow was canceled with Riverside Harley-Davidson due to failure to perform its obligations under the Purchase and Sale Agreement.

Anticipating the above Escrow cancelation, on May 26, 2021, as required by AB 1486, staff sent a written notice of availability to the required public agencies and to all affordable housing developers who registered with State’s Housing and Community Development Department (HCD). On July 26, 2021, the deadline for interested developers to respond, staff received a development proposal from Gilbane Development Company to construct an affordable multi-family and senior residential project on the subject site. On July 20, 2023, the project was denied by the City Planning Commission. On September 5, 2023, an appeal to City Council by Gilbane for the denial of planning case PR-2022-001434 was not approved and subsequently, Escrow was canceled.

The site is approximately 15,000 square feet of the subject property (located at the corner of Railroad Avenue and Madison Street) is reserved by the City for a future grade separation project and is currently zoned R-1-7000 (single family residential) with a General Plan designation of Medium Density Residential (MDR).

DISCUSSION:

On April 27, 2021, pursuant to the SLA, the Successor Agency adopted a resolution declaring various vacant parcels as surplus, including the Property.

On February 22, 2024, as required by AB 1486, staff sent a written notice of availability to the required public agencies and to all affordable housing developers who registered with State's Housing and Community Development Department (HCD). On Aprill 22, 2024, prior to the expiration of the 60-day notice of availability period, staff received a letter of interest followed by a proposal on June 24, 2024, from Railroad Ave Storage LLC for the development of four affordable homes and a self-storage facility project on the Property.

An evaluation committee (consisting of Successor Agency, Economic Development, and Planning staff) was convened to evaluate the Railroad Ave Storage LLC proposal and collectively determined its feasibility.

On September 11, 2025, HCD notified the Successor Agency and acknowledged compliance with AB 1486 on the disposition of the property to Railroad Ave Storage LLC.

As part of the surplus disposition process, an independent third-party appraisal was obtained on September 12, 2025, resulting in an appraised value of $860,000. A third-party consultant reviewed the appraisal and determined that the sale price of $650,000 represents current fair market value of the Property as substantiated by the below circumstances and criteria:

- The site was appraised on 4.15 acres for a valuation of $860,000 dollars ($4.75 per foot).
- The appraisal included in its valuation a 15,000 square foot portion of the property (valued at $71,250 dollars) that will be retained by the city for future grade separation project.
- The appraisal also indicated all utilities were in place, but the project will require an extension of the sewer main at an estimated cost of $124,000 dollars.

Below is a summary of Railroad Ave Storage LLC’s development proposal for the Property:

Approved LRPMP:	Site 25 – disposition approved in 2014 by the State
Parcel Size:	3.7 acres
Zoning:	Single-Family Residential (R-1-7000)
General Plan:	Medium Density Residential
Purchase Price:	$650,000
Proposed Project:	Horizontal mixed-use project with standalone self-storage facility and four homes.
Self-Storage Facility:	3 separate two-story elevator served buildings totaling approximately 96,000 square feet (70,000 square feet rentable), building heights will block at least 50% of train noise.
Affordable Housing:	Single family, 4 three-bedroom homes with a two-car garage (approx. 1,200 square feet) for sale (80% AMI)

The attached Agreement with Railroad Ave Storage LLC include the following key provisions:

1. Buyer is responsible for 100% of the cost of escrow;

2. Buyer must comply with all zoning, planning, and building laws, including the applicable design standards, other Land Use Laws, the Agreement, and the applicable project entitlements in the development of the Project;

3. Buyer must complete all due diligence reviews and inspections of the Property within 120 days from the Effective Date of the Agreement;

4. Buyer must submit applications to the Planning Division for Design Review and

entitlements within 120 days following Contingency Date Expiration;

5. Buyer must obtain all necessary entitlements, including grading and building permits, and close escrow within 24 months from Buyer's Approval Period;

6. Buyer must start construction of the Project within 120 days from the Close of Escrow and complete construction within 24 months from Close of Escrow;

7. Parcel(s) purchase and sale agreements specifically provide that concurrent disposition is an absolute condition of the property transactions, and such affordability requirement will be recorded against all parcels; and

8. Prior to the close of escrow, buyer will deliver to Escrow Holder a fully executed Covenant and Agreement and Declaration of Restrictions (Reversionary Right in favor of the City of Riverside) to allow the City to reclaim the property in the event the developer is unable to perform.

<u>Anticipated Community Benefit</u>

The Property, identified as Site 25 in the State Approved LRPMP, was acquired by the former Redevelopment Agency and approved for disposition by the California Department of Finance (DOF) over a decade ago. In addition to the sales proceeds and monetary savings on the continued property maintenance and site management for the Successor Agency, the development of the Property will benefit the City and taxing entities by generating additional real property taxes and sales revenue, producing additional housing options and generating jobs for the community. It is anticipated that completion of the project will result in the below benefits:

- Estimated Construction Job Creation: 70
- Estimated Annual Property Tax Revenue: $150,000 - $187,000
- Total Estimated Private Investment: $15,000,000

<u>About Railroad Ave Storage LLC</u>

Steven Walker Communities, Overland Development and Van Daele Homes and Best Self Storage Company formed Railroad Ave Storage LLC in March of 2025 to purchase and develop the Property. The newly formed LLC, based in Riverside, through its founders offers over 36 years of reputable real estate development with experience in residential and commercial projects that focus on enhancing the communities they serve.

Railroad Ave Storage LLC has reached out, provided information, and has gained support of the project from the Casa Blaca Community. The project increases housing inventory, brings growth, economic opportunity and vitality. It offers secure, flexible, and cost-effective storage solutions providing extra storage space rentals to service a variety of storage needs for residents and businesses. Additionally, the project provides affordable housing consisting of four single family, three-bedroom homes with two car garages for sale. The development makes efficient use of the Property and helps revitalize the neighborhood.

The Project represents a significant benefit to the Casa Blanca Community. As such, staff recommend that the Successor Agency approve the attached Agreement with Railroad Ave Storage LLC to facilitate the development of the Property.

<u>FISCAL IMPACT</u>:

The sales price for the Property is $650,000. The City's portion of the sales proceeds is approximately 14% of the total sales price (Net Sales Proceeds), which will be remitted to the Riverside County Auditor Controller's Office (ACO). Proceeds received will be deposited in the Successor Agency Trust Fund, Sales of Land & Buildings, Revenue Account number 2830605-380010. The ACO will distribute the Net Sales Proceeds to the various taxing entities, including the City, and report on the sale of the Property to the DOF.

Prepared by:	Benjamin Morales, Real Property Services Manager
Approved by:	Miranda Evans, Community & Economic Development Director
Certified as to availability of funds:	Julie Nemes, Finance Director
Approved by:	Thomas Hatch, Interim City Manager
Approved as to form:	James Johnson, City Attorney

Attachments:

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