Successor Agency to the Redevelopment Agency of the City of Riverside

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** NOVEMBER 4, 2025

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

SUBJECT: ADOPT A RESOLUTION APPROVING A PURCHASE, SALE, AND DEVELOPMENT AGREEMENT WITH R. C. HOBBS COMPANY, INC. FOR THE SALE OF APPROXIMATELY 0.945 ACRES OF SUCCESSOR AGENCY-OWNED VACANT LAND, LOCATED AT THE SOUTHEAST CORNER OF HOLE AND BUSHNELL AVENUES, BEARING ASSESSOR'S PARCEL NUMBERS 146-231-016, -017, -027, -031, -032, -033, -034, AND -036, FOR $560,000 TO FACILITATE DEVELOPMENT OF A MULTI-FAMILY RESIDENTIAL PROJECT, WITH 15% AFFORDABLE HOUSING

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 R. C. Hobbs Company, Inc. of Orange, California (Hobbs), for the sale of approximately 0.945 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, -017, -027, -031, -032, -033, -034, and -036 (Property) for $560,000 to facilitate the development of a multi-family residential project with 15% affordable housing.

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1) authorizing the execution of the attached Purchase, Sale, and Development Agreement with R. C. Hobbs Company, Inc. for the sale of the Property for $560,000 to facilitate the development of a multi-family residential project with 15% affordable housing (Attachment 2);

2. Recommend that the Countywide Oversight Board adopt a Board resolution authorizing the execution of the attached Purchase, Sale, and Development Agreement with R. C. Hobbs Company, Inc. for the sale of the Property in accordance with the California Department of Finance approved Long-Range Property Management Plan (State Approved LRPMP), to be presented to the Countywide Oversight Board for final consideration and approval; and

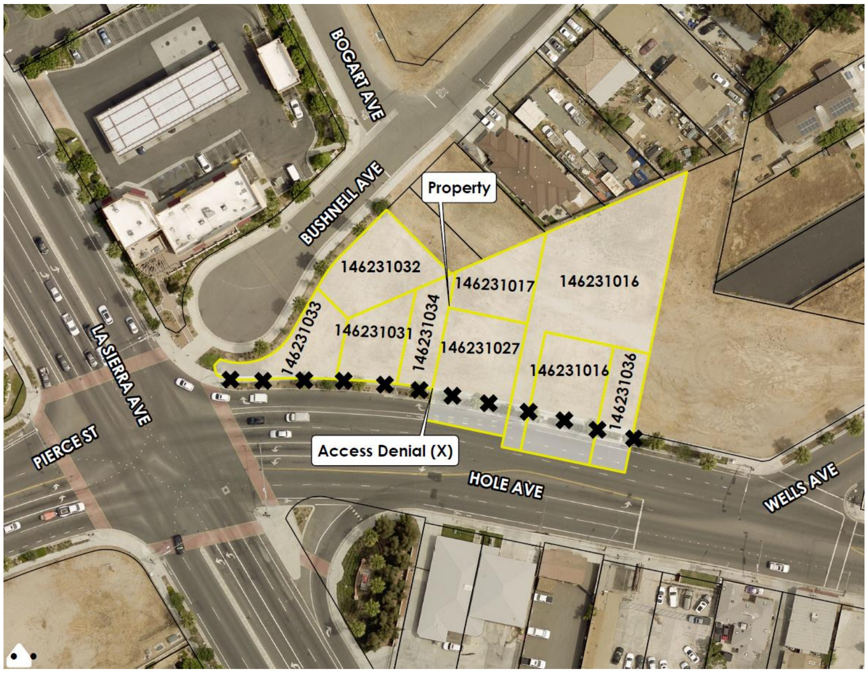
3. Authorize the Executive Director, or designee, to take all actions, including making minor and non-substantive changes, and execute the Purchase, Sale, and Development Agreement with R. C. Hobbs Company, Inc.

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. 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 for 55 years (Regulatory Agreement).

BACKGROUND:

Located at the southeast corner of Hole and Bushnell Avenues of the landmark Five Points Intersection, the site, as outlined in yellow on the aerial site map below, contains eight contiguous parcels with approximately 0.945 acres of vacant land. The Property is zoned Commercial with a Mixed-Use Village General Plan designation. The former Redevelopment Agency acquired these parcels for the Five Points Intersection Improvement Project, blight elimination, and land assembly to facilitate future development. The Property offers full access from Bushnell Avenue; however, access to the site from Hole Avenue is limited to a right-in and right-out drive approach due to an access denial designation as part of the intersection improvement.



To attract prospective buyers, staff issued a Request for Proposals (RFP) for the purchase and development of the Property on June 27, 2019. On September 27, 2019, the RFP deadline, staff received a commercial development proposal from Achieve Development and Management Group (ADMG) and a residential development proposal from Hobbs. ADMG rescinded their proposal on March 2, 2020. On March 3, 2020, the Selection Committee interviewed Hobbs and subsequently recommended the multi-family residential project proposed by Hobbs to the Successor Agency for approval.

On December 10, 2020, prior to the enactment of the AB 1486 notice process, the Successor Agency entered into a Purchase, Sale, and Development Agreement with Hobbs. Since the agreement was executed before December 31, 2020, the Successor Agency was not required to follow the new SLA disposition process. However, to further meet the newly adopted AB 1486 requirements, Hobbs was required to close escrow on the Property prior to December 31, 2022. Because Hobbs was unable to obtain grading and building permits by the deadline of December 31, 2022, to consummate the transaction, as stipulated by AB 1486, escrow was cancelled in March 2023.

<u>DISCUSSION</u>:

Since the contract with Hobbs failed out of escrow, it was mandatory that the Successor Agency followed the new SLA disposition process.

On April 25, 2023, pursuant to the SLA, the Successor Agency adopted a resolution declaring three vacant land sites as surplus, including the Property, and staff released an initial 60-day Notice of Availability for the sale of the Property as required by HCD on June 16, 2023.

On August 16, 2023, the deadline for interested buyers to respond, staff received responses from Hot Spot Properties and Hobbs on the purchase and development of the Property. When proposals were due on October 2, 2023, a multi-family residential development project, with 25% affordable housing units, was received from Hobbs. After the 90-day negotiation period, the proposed project was determined to be infeasible, and the Successor Agency subsequently received a notice of withdrawal from Hobbs to terminate negotiations.

On May 20, 2024, the Successor Agency issued an RFP with 15% affordable housing development opportunity. Only one proposal was received from Hobbs for the development of a multi-family housing project meeting the 15% affordable housing requirement (Project).

As part of the surplus disposition process, 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 represents above the current fair market value of the Property.

Below is a summary of Hobbs's development proposal for the Property:

Approved LRPMP:	Site 31 – disposition approved in 2014 by the State
Parcel Size:	0.945 acres
Zoning:	Commercial
General Plan:	Mixed-Use Village
Purchase Price:	$560,000
Proposed Project:	Multi-family residential with 33 dwelling units
15% Affordable Housing:	5 dwelling units
Estimated Job Creation: 72	
Annual Property Tax Revenue: $122,000	
Total Investment: 10.5m	

The attached Agreement with Hobbs include the following key provisions:

1. Hobbs to purchase the Property for $560,000, less all title, escrow and miscellaneous closing costs;

2. Hobbs 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. Hobbs must complete all due diligence review and inspections of the Property within 120 days from the Effective Date of the Agreement;

4. Hobbs must submit applications to the Planning Division for Design Review and entitlements within 120 days from the expiration of the Due Diligence Period;

5. Hobbs must obtain all necessary entitlements, including grading and building permits, and close escrow within 18 months following the submittal of an application to the Planning

Division; and

6. Hobbs must start construction of the Project within 180 days from the Close of Escrow and complete construction within 36 months from the start of construction.

<u>State Affordable Housing Requirement</u>

To provide affordable housing opportunities for Riverside residents, Hobbs is committed to setting aside five dwelling units at the Property for low-income qualified households.

On March 18, 2025, HCD issued a letter of approval for the disposition of the Property to Hobbs, requiring no less than 15% affordable housing set aside for low-income qualified households for 55 years.

<u>Table 1</u> below shows 2024 adjusted HOME income limits for Riverside County by percentage of Area Median Income:

<u>Table 1</u>

# of Persons	1	2	3	4	5	6
80% of Median	$ 57,400	$ 65,600	$ 73,800	$ 82,000	$ 88,600	$ 95,150
60% of Median	$ 43,080	$ 49,200	$ 55,320	$ 61,500	$ 66,420	$ 71,340
50% of Median	$ 35,900	$ 41,000	$ 46,100	$ 51,250	$ 55,350	$ 59,450
30% of Median	$ 21,550	$ 24,600	$ 27,700	$ 30,750	$ 33,250	$ 35,700

<u>Table 2</u> below shows 2024 HUD rent limits for Riverside County (Provided owner pays for all utilities):

<u>Table 2</u>

Unit Size	50% of Median	60% - 80% of Median
Studio	$897	$897
1-Bedroom	$961	$961
2-Bedroom	$1,152	$1,152
3-Bedroom	$1,332	$1,332
4-Bedroom	$1,486	$1,486
5-Bedroom	$1,640	$1,640

<u>State Required Regulatory Agreement</u>

The Agreement with Hobbs incorporates a Regulatory Agreement in accordance with the SLA. The Regulatory Agreement is intended to ensure that Hobbs will provide the required 15% affordable housing units within the Project to qualified households at affordable rent for 55 years.

<u>Community Benefit</u>

The Property, identified as Site 31 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. The Project will also facilitate approximately 350 construction jobs and produce additional affordable housing options for the community. Increasing affordable housing bolters economic growth, builds safe and sustainable communities, promotes diversity and helps ensure equity within the housing market.

<u>R. C. Hobbs Company, Inc.</u>

R. C. Hobbs Company, Inc. was founded in 1976 by Mr. Roger C. Hobbs. Hobbs has successfully sold, developed, and managed nearly one billion dollars of commercial, industrial, and residential real estate in California and Montana. Additionally, Hobbs has been recognized with local, state, and national awards.

Hobbs has obtained entitlements for the development of another Successor Agency-owned land located at Pierce Street and La Sierra Avenue referred to as Five Points – Site B. Hobbs also developed a privately-owned property near the former Sears building at Arlington and Streeter Avenues called the Camden Collection.

The Project represents a significant benefit to the Five Points community. As such, staff recommends that the Successor Agency approve the attached Agreement with Hobbs to facilitate the development of the Property.

<u>FISCAL IMPACT</u>:

The sales price for the Property is $560,000. The City's portion of the sales proceeds is approximately 14% of the total sales price less all title, escrow, and miscellaneous closing costs (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, University Corridor/Sycamore Canyon, Sales of Land & Buildings revenue account 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:	Jennifer A. Lilley, Community & Economic Development Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

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