



DISPOSITION OF 3870 OTTAWA AVENUE AND 1910 UNIVERSITY AVENUE

**Community & Economic Development
Department**

City Council
November 7, 2023

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BACKGROUND

1. In 2006, the City Council approved the former Redevelopment Agency acquisition of the Big L Motel, located at 3870 Ottawa Avenue, also identified as Assessor's Parcel Number 221-061-002 (Property 1).
2. In 2007, the City Council approved the former Redevelopment Agency acquisition of the Welcome Inn Motel, located at 1910 University Avenue, also identified as Assessor's Parcel Number 221-052-002 (Property 2). Subsequently, the motel structures were demolished, and the properties are currently vacant.



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PROPERTIES



Property 1: 3870 Ottawa Avenue	Property 2: 1910 University Avenue
Parcel Size: 16,440 square feet	Parcel Size: 20,623 square feet
Zoning: Mixed-Use Urban and Specific Plan (University Avenue) Overlay Zones	Zoning: Mixed-Use Urban and Specific Plan (University Avenue) Overlay Zones
General Plan: Mixed Use – Urban	General Plan: Mixed Use - Urban



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DISCUSSION

1. May 26, 2021: Staff issued a Notice of Availability to the required public agencies and all affordable housing developers who registered with the State's Department of Housing & Community Development (HCD) pursuant to AB 1486.
2. July 26, 2021: Staff received a development proposal from Praxis Development Group, LLC to construct townhomes on Ottawa Avenue and a mixed-use multi-family project on University Avenue with the required 25% affordable housing units on each property.



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DISCUSSION

3. Both properties were included in the 6th-cycle update of the Housing Element to the General Plan.
4. As part of the update, both properties were rezoned to Mixed-Use Urban (MU-U) designations, which permits densities up to 60 dwelling units per acre.
5. As the proposed projects will set aside a percentage of total units as affordable units, they are also be eligible for a density bonus over what is otherwise permitted in the MU-U Zone pursuant to state law.



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PRAXIS DEVELOPMENT PROPOSAL

Property 1: 3870 Ottawa Avenue	Property 2: 1910 University Avenue
Purchase Price: \$198,900	Purchase Price: \$251,100
Proposed Project: 12 townhomes	Proposed Project: 49 housing units, small retail
Affordable Housing: 25%	Affordable Housing: 100%
Estimated Job Creation: 350	
Annual Property Tax Revenue: \$90,000	
Total Investment: \$48,000,000	



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2023 INCOME AND RENT LIMITS

INCOME LIMITS							
No. of Persons	1	2	3	4	5	6	7
30% AMI	\$19,600	\$22,400	\$25,200	\$27,950	\$30,200	\$32,450	\$34,700
50% AMI	\$32,650	\$37,300	\$41,950	\$46,600	\$50,350	\$54,100	\$57,800
60% AMI	\$39,180	\$44,760	\$50,340	\$55,920	\$60,420	\$64,920	\$69,360
80% AMI	\$52,200	\$59,650	\$67,100	\$74,550	\$80,550	\$86,500	\$92,450

RENT LIMITS		
Unit Size	50% of Median	60% - 80% of Median
Studio	\$816	\$1,040
One-Bedroom	\$874	\$1,116
Two-Bedroom	\$1,048	\$1,341
Three-Bedroom	\$1,211	\$1,540
Four-Bedroom	\$1,352	\$1,699
Five-Bedroom	\$1,491	\$1,856



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PRAXIS AGREEMENT KEY PROVISIONS

1. Combined sales price = \$450,000
2. Schedule of Performance
3. The Purchase, Sale, and Development Agreements will incorporate covenants which will be recorded on both properties to ensure Praxis will provide the committed affordable housing units to low-income qualified households for 55 years.



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CONCEPTUAL PLANS



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CONCEPTUAL PLANS



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STRATEGIC PLAN ALIGNMENT

Strategic Priority 2, Community Well-Being Goal 2.1: facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

Strategic Priority 3, Economic Opportunity Goal 3.3: Cultivate a business climate that welcomes innovation, entrepreneurship, and investment.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability &
Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the Successor Agency:

1. Adopt a resolution authorizing execution of Purchase, Sale and Development Agreements with Praxis Development Group, LLC for the disposition of 3870 Ottawa Avenue for \$198,900 and 1910 University Avenue for \$251,100 for the development of multi-family affordable housing projects;
2. Recommend the Countywide Oversight Board adopt a Board resolution authorizing the execution of the same Agreements with Praxis; and
3. Authorize the Executive Director, or designee, to take any, and all actions, including making minor and non-substantive modifications, and execute the Agreements with Praxis.



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SCHEDULE OF PERFORMANCE

Event	Duration
Effective Date	1 Day
Due Diligence Period	120 days following Effective Date
Submit for Entitlement	120 days following Due Diligence Period
Entitlement Approval	18 months following submittal of application
Close of Escrow	24 months from Effective Date
Start of Construction	180 days following Close of Escrow
Completion of Construction	36 months from Start of Construction
Certificate of Occupancy	90 days following Completion of Construction



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