

**SUBMITTAL TO THE BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

937



FROM: Regional Park and Open-Space District

SUBMITTAL DATE:
June 25, 2014

SUBJECT: Approval of Compensation Agreements for City of Riverside Successor Agency Owned Property

RECOMMENDED MOTION: That the Board of Directors:

1. Approve and Authorize the Chairman to execute the Compensation Agreement by and between the City of Riverside, The Successor Agency to the Redevelopment Agency of the City of Riverside, the County of Riverside, Riverside County Flood Control and Water Conservation District, Riverside County Office of Education, Riverside Unified School District, Alvord Unified School District, Riverside Community College District, Western Municipal Water District, Metropolitan Water District of Southern California, Riverside Corona Resource Conservation District, Riverside County Regional Park and Open Space District, Jurupa Park and Recreation District, and Northwest Mosquito Abatement District (collectively referred to as "Taxing Entities") for the Stalder Building located at 3650 Market Street in Riverside;

(Recommended Motions continued on page 2)

Scott Bangle
General Manager

2015-002D

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment:	N/A
				For Fiscal Year:	14/15

C.E.O. RECOMMENDATION:

APPROVE

BY:
Alex Garn

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: ANITA C. WILLIS
DATE: 6-25-14

Departmental Concurrence

MINUTES OF THE REGIONAL PARK AND OPEN SPACE DISTRICT

On motion of Commissioner Stone, seconded by Commissioner Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: July 15, 2014
xc: Parks

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.:

District: 2

Agenda Number:

13-1

RECOMMENDED MOTION: (continued)

2. Approve and Authorize the Chairman to execute the Compensation Agreement by and between the City of Riverside, The Successor Agency to the Redevelopment Agency of the City of Riverside, the County of Riverside, Riverside County Regional Park and Open-Space District and other Taxing Entities for the Farm House Motel located at 1393 University Avenue in Riverside; and,
3. Approve and Authorize the Chairman to execute the Compensation Agreement by and between the City of Riverside, The Successor Agency to the Redevelopment Agency of the City of Riverside, the County of Riverside, Riverside County Regional Park and Open-Space District and other Taxing Entities for the Imperial Hardware Building located at 3750 and 3768 Main Street and 3675 University Avenue in Riverside.

BACKGROUND:

Summary

Pursuant to Assembly Bill 1484 (AB 1484), successor agencies (SAs) are required to prepare a Long Range Property Management Plan (LRPMP) which sets forth the strategy and process of the SA in the use and disposition of the former Redevelopment Agency real property assets (Properties). The goal of each SA is to dispose of the Properties expeditiously and in a manner that will maximize value to the affected Taxing Entities, while still advancing the planning objectives for which the Properties were originally acquired.

One of the allowable use and disposition strategies which requires approval by affected Taxing Entities is the retention of property for future development. The Successor Agency to the Redevelopment Agency of the City of Riverside (City Agency) is proposing to retain three (3) properties in downtown Riverside for future development, as shown in Attachment A, that require execution of a Compensation Agreement (Agreement) by all affected Taxing Entities. The Riverside County Regional Parks and Open-Space District (District) is one of the Taxing Entities to which the benefits of use and disposition will accrue.

The three (3) subject properties are:

1. **Imperial Hardware Building** – 3750 and 3768 Main Street and 3675 University Avenue
2. **Stalder Building** – 3650 Market Street
3. **Farm House Motel** – 1393 University Avenue

Property profiles, maps, historical preservation goals, and proposed disposition strategy for these Properties are included in Attachment A. The Imperial Hardware Building will be an adaptive reuse project - the construction of a mixed-use, four-story apartment building, with integration and preservation of the historic façade. The proposed project will create 307 total construction and permanent jobs, and will generate annual sales tax revenue in the estimated amount of \$255,312.

The Stalder Building is part of a multi-phased, mixed-use project, consisting of 165 residential units and 22,000 square feet of retail and restaurant space on the 1.2 acre site on Market Street between Mission Inn Avenue and Sixth Street, as well as the preservation of the Stalder Building façade. The transfer of the property to the City of Riverside for future development will provide substantial positive fiscal benefits to the affected Taxing Entities from the development of the property that will more than offset any immediate loss in revenue.

The Farm House Motel property is envisioned to be included as part of a 3.3 acre urban high density student housing project with enough bedroom capacity to house 750 student within 3-bedroom and 4-bedroom living units. The entire development is to consist of several interconnected 5-story buildings with a common area facility and a central parking structure. The adaptive reuse of this property will generate substantial positive fiscal benefits to the affected Taxing Entities from the development of the property that will more than offset any immediate loss in revenue.

Impact on Citizens and Businesses

The development of the three (3) properties referenced above will benefit the citizens and businesses of Riverside County through increased property tax revenue, increase in sales tax revenue, and the payment of all applicable Development Impact Fees by the buyer of the Properties. These revenues will be distributed as residual redevelopment property tax trust fund monies to all affected Taxing Entities.

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

**COMPENSATION AGREEMENT
FOR THE STALDER BUILDING**

3650 Market Street

THIS COMPENSATION AGREEMENT is made and entered into this _____ day of _____, 2014, by and between the City of Riverside, a California charter city and municipal corporation, the Successor Agency to the Redevelopment Agency of the City of Riverside, the County of Riverside, Riverside County Flood Control and Water Conservation District, Riverside County Superintendent of Schools, Riverside Unified School District, Alvord Unified School District, Riverside Community College District, Western Municipal Water District, Metropolitan Water District, Riverside Corona Resource Conservation District, Riverside County Regional Park and Open Space District, Jurupa Area Recreation and Parks District, and Northwest Mosquito and Vector Control District (collectively herein referred to as "Taxing Entities" and "Parties").

WHEREAS, the Health and Safety Code Section 34180 (f)(1) of Assembly Bill 1484 ("AB 1484") provides "If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own fund and under its auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax...for the value of the property retained."; and

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Riverside ("Successor Agency") owns a historic property, within the Merged Downtown/Airport Industrial – Hunter Park/Northside Redevelopment Project Area, located at 3650 Market Street bearing the Assessor's Parcel numbers 213-022-001, 002 and 003, which is known as the Stalder Building ("Property") and said Property is a significant resource to the City of Riverside; and

WHEREAS, the Property is recognized by the City of Riverside as a vital opportunity site for preservation, restoration, job creation and economic development. The use of this Property as future development is addressed in the Successor Agency's Long Range Property Management Plan, which is required by AB 1484. The preservation, restoration and adaptive re-use of the Property plays a critical role in maintaining the City of Riverside's historic character and identity. As such, the Successor Agency desires to transfer this Property to the City of Riverside for future development as authorized under AB 1484; and

WHEREAS, the City of Riverside's ownership and control of the Property for future development, which includes the disposition and oversight of the preservation, restoration and adaptive re-use of the Property, are necessary to achieve the City of Riverside's historic preservation of a significant resource and economic development objectives for the benefit of the community as a whole; and

WHEREAS, in addition to the City of Riverside, the affected Taxing Entities are stakeholders in the sale proceeds and property tax revenues of the Property; and

JUL 15 2014 13-1D

WHEREAS, the Taxing Entities were informed of the Successor Agency's strategy and vision concerning the transfer of the Property to the City of Riverside for future development.

NOW THEREFORE, the Taxing Entities are voluntarily entering into this Compensation Agreement as follows:

1. **Long Range Property Management Plan:** Pursuant to AB 1484, the required Long Range Property Management Plan was presented to and approved by the Oversight Board on August 15, 2013, along with this Compensation Agreement. The Long Range Property Management Plan is subject to the State Department of Finance review.
2. **Transfer the Property to the City:** The Taxing Entities agree that the Successor Agency shall transfer the Property to the City of Riverside for Zero Dollars (\$0) in consideration for the City's obligations set forth below:
 - a. The City of Riverside shall be solely responsible for implementing the development of the Property, which shall include identifying a buyer for the Property. Once a buyer is identified and selected, the City of Riverside shall use its best efforts to work with the buyer to facilitate a project that will culminate in producing a property tax revenue stream that is greater than the current property tax revenue benefitting and compensating the Taxing Entities.
 - b. The City of Riverside shall assist the buyer in working with the adjacent property owners to assemble additional properties in order to facilitate a larger development project rather than a project solely using the Property.
3. **Forbearance of Sale:** The Taxing Entities agree that by consenting to the Successor Agency's transfer of the Property to the City of Riverside for Zero Dollars (\$0) that such consent is a forbearance of the sale proceeds. The Taxing Entities understand and acknowledge that the City of Riverside is a critical stakeholder and will use its best efforts to put forth a high quality development at the subject Property.
4. **Property Tax Revenue:** The Taxing Entities understand and acknowledge that, by facilitating the future development of the Property, the City of Riverside will provide: if necessary, financial backing and the due diligence necessary to facilitate a high quality development which will generate a greater economic benefit to the Taxing Entities by providing an increase in property tax revenue.
5. **Sales Tax Revenue:** The Taxing Entities also understand and acknowledge that a high quality development of the Property will also produce an increase in sales tax revenue.
6. **Development Impact Fees:** The buyer of the Property will be responsible for paying all applicable Development Impact Fees further benefitting the Taxing Entities.
7. **Authorization:** The individuals executing this Compensation Agreement, on behalf of their public entities, are representing and warranting that they have the legal power, right and actual authority to bind the entities they represent to the terms and conditions hereof

and thereof.

8. **Amendment to the Compensation Agreement:** This Compensation Agreement may be modified or amended only by a written agreement executed by the City of Riverside and the Taxing Entities.
9. **Compensation Agreement:** This Compensation Agreement constitutes a final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the transfer of the Property to the City of Riverside for future development, and supersedes all prior and contemporaneous understandings or agreements between the Parties. Neither party has been induced to enter into this Compensation Agreement and neither party is relying on any representation or warranty outside those expressly set forth in this Compensation Agreement.

IN WITNESS WHEREOF, the interested Parties have caused this Compensation Agreement to be duly executed the day and year first above written.

<p>City of Riverside, a California Charter city and municipal corporation</p> <p>By: _____ City Manager</p> <p>Dated: _____</p> <p>Attest:</p> <p>By: _____ City Clerk</p> <p>Approved as to Form:</p> <p>By: _____ Deputy City Attorney</p>	<p>County of Riverside, a political subdivision of the State of California</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>Attest</p> <p>By: _____ Clerk of the Board of Supervisors</p> <p>Approved as to Form:</p> <p>By: _____ County Counsel</p>
<p>Successor Agency to the Redevelopment Agency of the City of Riverside, a public entity, corporate and politic</p> <p>By: _____ City Manager on behalf of the Successor Agency to the Redevelopment Agency of the City of Riverside</p> <p>Dated: _____</p> <p>Attest:</p> <p>By: _____ City Clerk</p> <p>Approved as to Form:</p> <p>By: _____ Successor Agency General Counsel</p>	

Riverside County Flood Control & Water Conservation District, a special district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Riverside County Superintendent of Schools, a service agency

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Riverside Unified School District, a public school district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

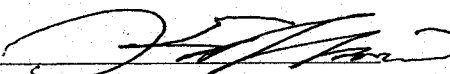
Riverside Community College District, a public school district

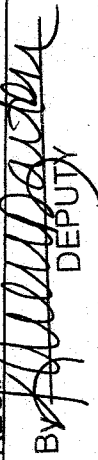
By: _____
Name: _____
Its: _____

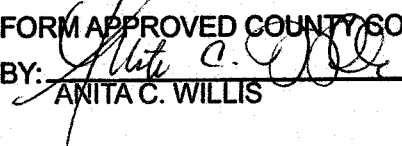
Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

<p>Western Municipal Water District, a municipal water district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Metropolitan Water District of Southern California, a metropolitan water district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>
<p>Riverside Corona Resource Conservation District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Riverside County Regional Park and Open Space District, a special district</p> <p>By:  Name: <u>Kevin Jeffries</u> Its: <u>Chairman Board of Directors</u></p> <p>Dated: <u>JUL 15 2014</u></p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>

ATTEST:
KECIA HARPER-IHEM, Clerk
By: 
DEPUTY

FORM APPROVED COUNTY COUNSEL
BY: 
ANITA C. WILLIS DATE 6-25-14

<p>Alvord Unified School District, a public school district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Jurupa Area Recreation and Parks District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>
<p>Northwest Mosquito and Vector Control District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

**COMPENSATION AGREEMENT
FOR THE FARM HOUSE MOTEL**

1393 University Avenue

THIS COMPENSATION AGREEMENT is made and entered into this _____ day of _____, 2014, by and between the City of Riverside, a California charter city and municipal corporation, the Successor Agency to the Redevelopment Agency of the City of Riverside, the County of Riverside, Riverside County Flood Control and Water Conservation District, Riverside County Superintendent of Schools, Riverside Unified School District, Riverside Community College District, Moreno Valley Unified School District, Edgemont Community Service District, Western Municipal Water District, San Jacinto Basin Resource Conservation District, Metropolitan Water District, Riverside Corona Resource Conservation District, Riverside County Regional Park and Open Space District and Northwest Mosquito Vector and Control District (collectively herein referred to as "Taxing Entities" and "Parties").

WHEREAS, the Health and Safety Code Section 34180 (f)(1) of Assembly Bill 1484 ("AB 1484") provides "If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own fund and under its auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax...for the value of the property retained."; and

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Riverside ("Successor Agency") owns a historic property, within the University Corridor/Sycamore Canyon Merged Redevelopment Project Area, located at 1393 University Avenue bearing the Assessor's Parcel number 250-190-009, which is known as the Farm House Motel ("Property") and said Property is a significant resource to the City of Riverside; and

WHEREAS, the Property is recognized by the City of Riverside as a vital opportunity site for preservation, restoration, job creation and economic development. The use of this Property as future development is addressed in the Successor Agency's Long Range Property Management Plan, which is required by AB 1484. The preservation, restoration and adaptive re-use of the Property plays a critical role in maintaining the City of Riverside's historic character and identity. As such, the Successor Agency desires to transfer this Property to the City of Riverside for future development as authorized under AB 1484; and

WHEREAS, the City of Riverside's ownership and control of the Property for future development, which includes the disposition and oversight of the preservation, restoration and adaptive re-use of the Property, are necessary to achieve the City of Riverside's historic preservation of a significant resource and economic development objectives for the benefit of the community as a whole; and

WHEREAS, in addition to the City of Riverside, the affected Taxing Entities are stakeholders in the sale proceeds and property tax revenues of the Property; and

111 15 2014 13-1D

WHEREAS, the Taxing Entities were informed of the Successor Agency's strategy and vision concerning the transfer of the Property to the City of Riverside for future development.

NOW THEREFORE, the Taxing Entities are voluntarily entering into this Compensation Agreement as follows:

1. **Long Range Property Management Plan:** Pursuant to AB 1484, the required Long Range Property Management Plan was presented to and approved by the Oversight Board on August 15, 2013, along with this Compensation Agreement. The Long Range Property Management Plan is subject to the State Department of Finance review.
2. **Transfer the Property to the City:** The Taxing Entities agree that the Successor Agency shall transfer the Property to the City of Riverside for Zero Dollars (\$0) in consideration for the City's obligations set forth below:
 - a. The City of Riverside shall be solely responsible for implementing the development of the Property, which shall include identifying a buyer for the Property. Once a buyer is identified and selected, the City of Riverside shall use its best efforts to work with the buyer to facilitate a project that will culminate in producing a property tax revenue stream that is greater than the current property tax revenue benefitting and compensating the Taxing Entities.
 - b. The City of Riverside shall assist the buyer in working with the adjacent property owners to assemble additional properties in order to facilitate a larger development project rather than a project solely using the Property.
3. **Forbearance of Sale:** The Taxing Entities agree that by consenting to the Successor Agency's transfer of the Property to the City of Riverside for Zero Dollars (\$0) that such consent is a forbearance of the sale proceeds. The Taxing Entities understand and acknowledge that the City of Riverside is a critical stakeholder and will use its best efforts to put forth a high quality development at the subject Property.
4. **Property Tax Revenue:** The Taxing Entities understand and acknowledge that, by facilitating the future development of the Property, the City of Riverside will provide: if necessary, financial backing and the due diligence necessary to facilitate a high quality development which will generate a greater economic benefit to the Taxing Entities by providing an increase in property tax revenue.
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6. **Development Impact Fees:** The buyer of the Property will be responsible for paying all applicable Development Impact Fees further benefitting the Taxing Entities.
7. **Authorization:** The individuals executing this Compensation Agreement, on behalf of their public entities, are representing and warranting that they have the legal power, right and actual authority to bind the entities they represent to the terms and conditions hereof

and thereof.

8. **Amendment to the Compensation Agreement:** This Compensation Agreement may be modified or amended only by a written agreement executed by the City of Riverside and the Taxing Entities.
9. **Compensation Agreement:** This Compensation Agreement constitutes a final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the transfer of the Property to the City of Riverside for future development, and supersedes all prior and contemporaneous understandings or agreements between the Parties. Neither party has been induced to enter into this Compensation Agreement and neither party is relying on any representation or warranty outside those expressly set forth in this Compensation Agreement.

IN WITNESS WHEREOF, the interested Parties have caused this Compensation Agreement to be duly executed the day and year first above written.

<p>City of Riverside, a California Charter city and municipal corporation</p> <p>By: _____ City Manager</p> <p>Dated: _____</p> <p>Attest:</p> <p>By: _____ City Clerk</p> <p>Approved as to Form:</p> <p>By: _____ Deputy City Attorney</p>	<p>County of Riverside, a political subdivision of the State of California</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>Attest</p> <p>By: _____ Clerk of the Board of Supervisors</p> <p>Approved as to Form:</p> <p>By: _____ County Counsel</p>
<p>Successor Agency to the Redevelopment Agency of the City of Riverside, a public entity, corporate and politic</p> <p>By: _____ City Manager on behalf of the Successor Agency to the Redevelopment Agency of the City of Riverside</p> <p>Dated: _____</p> <p>Attest:</p> <p>By: _____ City Clerk</p> <p>Approved as to Form:</p> <p>By: _____ Successor Agency General Counsel</p>	

Riverside County Flood Control & Water Conservation District, a special district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Riverside County Superintendent of Schools, a service agency

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Riverside Unified School District, a public school district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Riverside Community College District, a public school district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Western Municipal Water District, San Jacinto Conservation District, a municipal water district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Metropolitan Water District of Southern California, a metropolitan water district

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

Riverside Corona Resource Conservation District, a special district

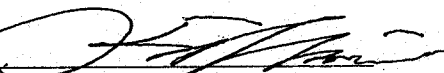
By: _____
Name: _____
Its: _____

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Name: _____
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Dated: _____

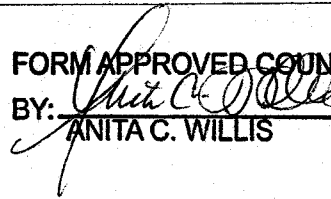
Riverside County Regional Park and Open Space District, a special district

By: 
Name: Kevin Jeffries
Its: Chairman Board of Directors
JUL 15 2014
Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

ATTEST:
KECIA HARRER-IHEM, Clerk
By: 
DEPUTY

FORM APPROVED COUNTY COUNSEL
BY: 
ANITA C. WILLIS 6/25/14
DATE

<p>Moreno Valley Unified School District, a public school district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Edgemont Community Service District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>
<p>Northwest Mosquito and Vector Control District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>San Jacinto Basin Resource Conservation District, a special district</p>

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CA: 13-1759 rmg 8/13/13
Rev: 6/20/14

**COMPENSATION AGREEMENT
FOR THE IMPERIAL HARDWARE BUILDING**

3750 and 3768 Main Street and 3675 University Avenue

THIS COMPENSATION AGREEMENT is made and entered into this _____ day of _____, 2014, by and between the City of Riverside, a California charter city and municipal corporation, the Successor Agency to the Redevelopment Agency of the City of Riverside, the County of Riverside, Riverside County Flood Control and Water Conservation District, Riverside County Superintendent of Schools, Riverside Unified School District, Alvord Unified School District, Riverside Community College District, Western Municipal Water District, Metropolitan Water District, Riverside Corona Resource Conservation District, Riverside County Regional Park and Open Space District, Jurupa Recreation and Parks District, and Northwest Mosquito and Vector Control District (collectively herein referred to as "Taxing Entities" and "Parties").

WHEREAS, the Health and Safety Code Section 34180 (f)(1) of Assembly Bill 1484 ("AB 1484") provides "If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own fund and under its auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax...for the value of the property retained."; and

WHEREAS, the Successor Agency to the Redevelopment Agency of the City of Riverside ("Successor Agency") owns a historic property, within the Merged Downtown/Airport Industrial – Hunter Park/Northside Redevelopment Project Area, located at 3750 and 3768 Main Street, and 3675 University Avenue bearing the Assessor's Parcel numbers 213-271-005, 006 and 007, which is known as the Imperial Hardware Building ("Property") and said Property is a significant resource to the City of Riverside; and

WHEREAS, the Property is recognized by the City of Riverside as a vital opportunity site for preservation, restoration, job creation and economic development. The use of this Property as future development is addressed in the Successor Agency's Long Range Property Management Plan, which is required by AB 1484. The preservation, restoration and adaptive re-use of the Property plays a critical role in maintaining the City of Riverside's historic character and identity. As such, the Successor Agency desires to transfer this Property to the City of Riverside for future development as authorized under AB 1484; and

WHEREAS, the City of Riverside's ownership and control of the Property for future development, which includes the disposition and oversight of the preservation, restoration and adaptive re-use of the Property, are necessary to achieve the City of Riverside's historic preservation of a significant resource and economic development objectives for the benefit of the community as a whole; and

WHEREAS, in addition to the City of Riverside, the affected Taxing Entities are stakeholders in the sale proceeds and property tax revenues of the Property; and

WHEREAS, the Taxing Entities were informed of the Successor Agency's strategy and vision concerning the transfer of the Property to the City of Riverside for future development.

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4. **Property Tax Revenue:** The Taxing Entities understand and acknowledge that, by facilitating the future development of the Property, the City of Riverside will provide: if necessary, financial backing and the due diligence necessary to facilitate a high quality development which will generate a greater economic benefit to the Taxing Entities by providing an increase in property tax revenue.
5. **Sales Tax Revenue:** The Taxing Entities also understand and acknowledge that a high quality development of the Property will also produce an increase in sales tax revenue.
6. **Development Impact Fees:** The buyer of the Property will be responsible for paying all applicable Development Impact Fees further benefitting the Taxing Entities.
7. **Authorization:** The individuals executing this Compensation Agreement, on behalf of their public entities, are representing and warranting that they have the legal power, right

and actual authority to bind the entities they represent to the terms and conditions hereof and thereof.

8. **Amendment to the Compensation Agreement:** This Compensation Agreement may be modified or amended only by a written agreement executed by the City of Riverside and the Taxing Entities.
9. **Compensation Agreement:** This Compensation Agreement constitutes a final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the transfer of the Property to the City of Riverside for future development, and supersedes all prior and contemporaneous understandings or agreements between the Parties. Neither party has been induced to enter into this Compensation Agreement and neither party is relying on any representation or warranty outside those expressly set forth in this Compensation Agreement.

IN WITNESS WHEREOF, the interested Parties have caused this Compensation Agreement to be duly executed the day and year first above written.

<p>City of Riverside, a California Charter city and municipal corporation</p> <p>By: _____ City Manager</p> <p>Dated: _____</p> <p>Attest:</p> <p>By: _____ City Clerk</p> <p>Approved as to Form:</p> <p>By: _____ Deputy City Attorney</p>	<p>County of Riverside, a political subdivision of the State of California</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>Attest</p> <p>By: _____ Clerk of the Board of Supervisors</p> <p>Approved as to Form:</p> <p>By: _____ County Counsel</p>
<p>Successor Agency to the Redevelopment Agency of the City of Riverside, a public entity, corporate and politic</p> <p>By: _____ City Manager on behalf of the Successor Agency to the Redevelopment Agency of the City of Riverside</p> <p>Dated: _____</p> <p>Attest:</p> <p>By: _____ City Clerk</p> <p>Approved as to Form:</p> <p>By: _____ Successor Agency General Counsel</p>	

<p>Riverside County Flood Control & Water Conservation District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Riverside County Superintendent of Schools, a service agency</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>
<p>Riverside Unified School District, a public school district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Riverside Community College District, a public school district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>

<p>Alvord Unified School District, a public school district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>Jurupa Recreation and Parks District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>
<p>Northwest Mosquito and Vector Control District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>	<p>San Jacinto Basis Resource Conservation District, a special district</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p> <p>By: _____ Name: _____ Its: _____</p> <p>Dated: _____</p>

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II. PROPERTY PROFILES

PERMISSIBLE USE - RETENTION OF THE PROPERTY FOR FUTURE DEVELOPMENT CATEGORY

1. Future Development Properties include:

- 1) Imperial Hardware Building
- 2) Stalder Building
- 3) Farm House Motel

This section of the Plan addresses properties that are recommended for future development by the City. The Successor Agency has identified three properties that are vital to the identification and economic development success of Riverside. These chosen properties have risen to a high level of importance to the City and must be owned and managed by the City in order to protect and preserve the limited significant resources available to provide a better quality of life for residents.

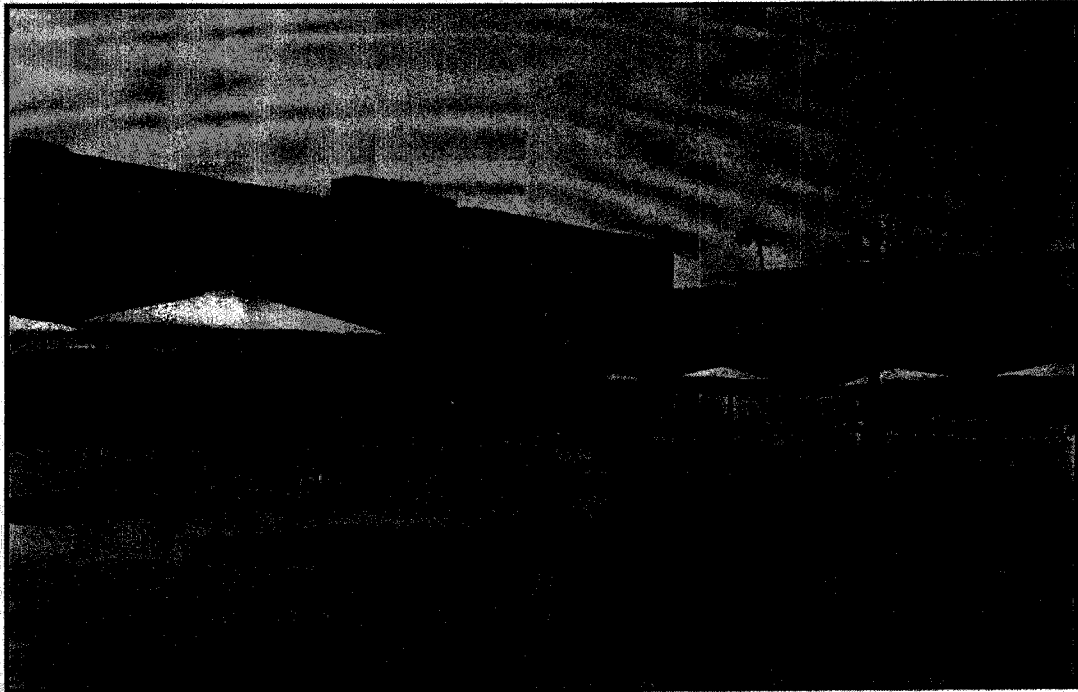
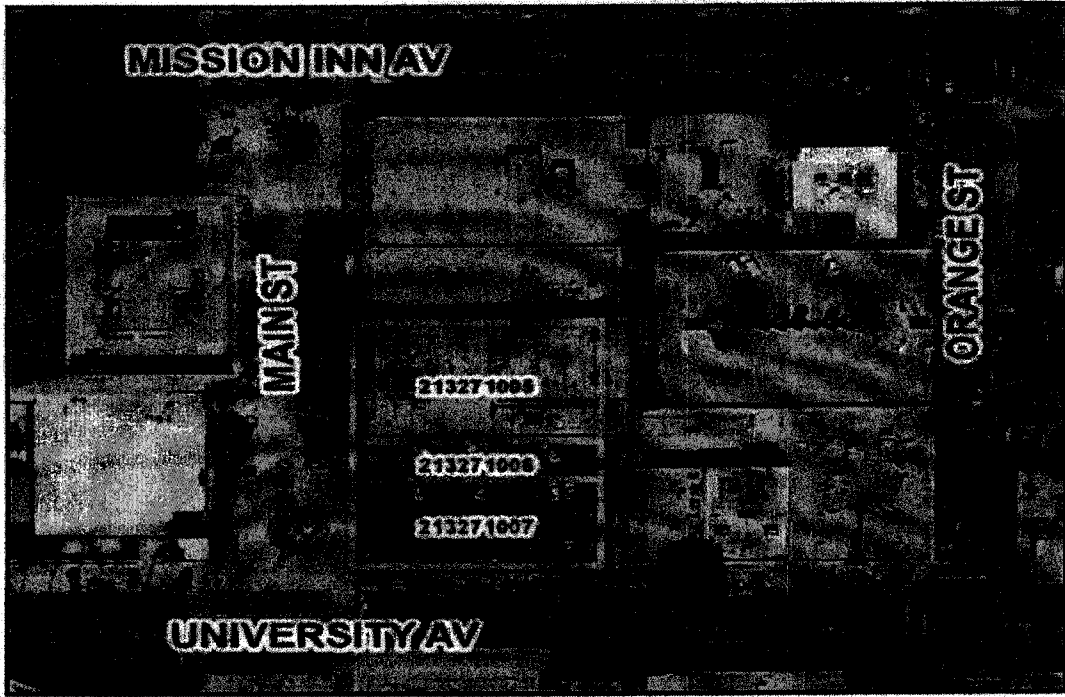
The intent of the Successor Agency is to dispose of these properties expeditiously and in a manner aimed to maximize value to the affected Taxing Entities pursuant to AB 26 and AB 1484, while still advancing the planning objectives for which these properties were originally acquired by the former Redevelopment Agency. With that in mind, the Successor Agency's strategy is to transfer the Imperial Hardware Building, the Stalder Building and the Farm House Motel to the City as future development properties to be locally controlled by the City for realization of community benefit objectives. The affected Taxing Entities have reached compensation agreements as attached in Exhibit D with the City for each of these three properties to demonstrate their support of the properties for future development.

The City's fundamental objectives for these properties consist of conservation of historical, architectural and cultural resources, elevation of community pride, creation of wealth for the benefit of the community through quality development projects, which meets the City's vision and goals in the elimination of blight, creation of jobs and facilitation of additional economic development. With continued, value-added economic development efforts, the City aims to help businesses in the City's core areas. Through strategic development of these properties, the City desires to create more local job opportunities for residents in an effort to improve the quality of life in Riverside.

Investment in the development of these properties will help to restore and stabilize Riverside's property values. Attracting private investment through the development of these properties will encourage reinvestment by existing residents and businesses, which sends the signal that Riverside is a safe place to invest and there is value in owning property in Riverside.

Historic preservation and economic development are the foundation for growth and prosperity of Riverside's historic rich culture. Preserving the City's identity, while helping businesses create jobs is the top priority of the City since previous efforts have demonstrated direct impacts on the quality of life for residents, the stability of neighborhoods and economic opportunity for the City.

**SITE 1: IMPERIAL HARDWARE BUILDING
(TOTAL SITE SIZE: 26,268 SQUARE FEET)**



SITE 1: IMPERIAL HARDWARE BUILDING
(TOTAL SITE SIZE: 26,268 SQUARE FEET)

I. PROPERTY PROFILE

- Address: 3750 Main Street and 3675 University Avenue
APN: 213-271-005 and 007
Acquisition Date: August 15, 2006
Acquisition Amount: \$2,508,076
Acquisition Purpose: Blight elimination, historic preservation and land assembly to facilitate future development
Current Use: 26,000 square foot vacant Imperial Hardware Building and public parking lot
Lot Size: 22,968 square feet
Estimated Current Value: \$0
Current Zoning: Raincross District
General Plan: Downtown Specific Plan
Redev. Project Area: Merged Downtown/Airport Industrial – Hunter Park/Northside
Rent/Lease Revenue: \$1 a month from the Public Works Department for use of site as a public parking lot (combined with the public parking lot located at 3768 Main Street)
Proposal History: Yes – Proposed mixed-use residential/retail development
Environmental History: No
Transit-Oriented Potential: No
Proposed Use/Disposition: Retention of the property for future development

- Address: 3768 Main Street
APN: 213-271-006
Acquisition Date: February 22, 2008
Acquisition Amount: \$350,000
Acquisition Purpose: Blight elimination, historic preservation and land assembly to facilitate for future development
Current Use: Public parking lot
Lot Size: 3,300 square feet
Estimated Current Value: \$0
Current Zoning: Raincross District
General Plan: Downtown Specific Plan
Redev. Project Area: Merged Downtown/Airport Industrial – Hunter Park/Northside

Rent/Lease Revenue: \$1 a month from the Public Works Department for use of site as a public parking lot (combined with the public parking lot located at 3675 University Avenue)
Proposal History: Yes – Proposed mixed-use residential/retail development
Environmental History: No
Transit-Oriented Potential: No
Proposed Use/Disposition: Retention of the property for future development

II. PROPERTY BACKGROUND/HISTORY

The Successor Agency owns the historic Imperial Hardware Building, which is within the Merged Downtown/Airport Industrial – Hunter Park/Northside Redevelopment Project Area (Project Area). These properties are located within the Downtown core and are under the purview of the Downtown Specific Plan, specifically within the Raincross District.

Downtown Riverside is more than just the heart of the City; it is also the cultural and urban hub of the Inland Empire. No other downtown in the Inland Southern California area has the diversity offered by Downtown Riverside in such a compact area. Downtown retains a distinct historic and walkable character reminiscent of older California cities like Santa Barbara and Pasadena.

Overflowing with historic riches, Downtown is home to more than a dozen National Register sites and more than thirty City-designated landmarks. Downtown is perhaps best known as home of the Mission Inn, which in its century of ongoing operations has become a City icon. Downtown is also home to numerous businesses, cultural institutions and major public facilities including the Riverside Community College, the Riverside Convention Center, the Riverside Municipal Museum, the Main Library, the Riverside City Hall, the County Administrative Center, and County, State and Federal Courts are just a few of Downtown's public treasures.

At the center of Downtown is Main Street Riverside, (formerly Main Street Pedestrian Mall), the driver of economic development of Downtown. Opened in 1966 as a pedestrian mall, Main Street Riverside stretches along Main Street between Fifth Street and Tenth Street. Main Street Riverside is flanked by the Riverside City Hall and the Riverside Convention Center at either end.

In order to encourage economic development in Downtown, the City engaged an extensive public review and design work for the rehabilitation of Main Street Riverside in October 2006. In 2008, the City invested \$10 million to rehabilitate Main Street Riverside, which included a new permanent civic plaza capable of accommodating an ice skating rink during the Festival of Lights, pavement, landscaping enhancements, public art elements, lighting, water features, and needed upgrades to existing city infrastructure, including replacement of a nearly 100-year-waterline and substantial electrical service. Today, the beautifully landscaped Main Street Riverside is lined with interesting shops,

restaurants and museums, offers cafe tables, fountains and trees, making it much used and admired outdoor space.

To retain a unique character and sense of identity for Downtown, the development standards for the Raincross District are designed to create a place of daytime, evening and weekend activity by providing a high activity pedestrian environment with a storefront emphasis at the street level. Within the Raincross District, there are numerous local and nationwide historic landmarks that define the district's character including the Mission Inn, the Fox Theater, the Stalder Building, the Municipal Auditorium, the Unitarian Church and the Loring Building. Preservation of historic structures, along with careful and compatible design of new development is important in maintaining the Raincross District's character and unique sense of identity.

The key concepts in the Raincross District are historic and cultural resource sensitivity. For that reason, buildings that contribute to the historic character of the Raincross District, such as the historic Imperial Hardware Building are required to be preserved or restored to comply with Title 20 of the Riverside Municipal Code. Additionally, new construction is expected to be in scale and architecturally harmonious with nearby historic buildings.

Through the preservation and restoration of significant resources in the Raincross District, the City wants to encourage pedestrian-oriented specialty retail shops offering quality goods and services, support a balance between individually owned businesses and franchise or corporate entities, recruit a range of restaurants including fine dining, cafes, coffee houses, and sandwich shops that emphasize a strong presence of outdoor dining and an emphasis on both daytime and evening hours, and encourage mixed-use development with a strong residential and retail presence through both new construction and the adaptive reuse of existing buildings for residential and retail purposes.

The Downtown Specific Plan area is almost fully developed, with only approximately 35 of its 640 acres identified as vacant. The majority of these acres are located on the north end of the Downtown Specific Plan area along Market Street. The remaining vacant lots are smaller lots that are scattered throughout the Downtown Specific Plan area that could accommodate smaller, infill development such as retail, multi-family residential, or mixed-use projects, while there are many surface parking lots that represent a potential redevelopment resource.

In an effort to revitalize the Downtown area, create jobs and facilitate economic development, the Redevelopment Agency identified key opportunity properties to acquire for redevelopment. Among the numerous properties acquired by the Redevelopment Agency within the Downtown Specific Plan, the historic Imperial Hardware Building was recognized as a vital opportunity site for preservation, restoration, job creation and economic development within the Project Area.

Based on this objective, on July 25, 2006, the City Council and Redevelopment Agency authorized the acquisition of 3750 and 3776 Main Street and adopted a Resolution of Necessity authorizing condemnation proceedings for acquisition of 3768 Main Street, collectively the Imperial Hardware Building Property (Property).

The Redevelopment Agency's acquisition of the Property for the purpose of preservation, restoration, job creation and economic development is consistent with the Amended and Restated Redevelopment Plan (Redevelopment Plan – Exhibit E) and 2005-2009 Implementation Plan for the Project Area (Implementation Plan – Exhibit F).

- According to Sections 328 and 350 of the Redevelopment Plan for the Project Area, the Redevelopment Agency is authorized to acquire, restore, rehabilitate, and conserve buildings of historic and architectural significance and give special consideration to the protection, rehabilitation or restoration of any structure determined to be historically significant. The Redevelopment Agency shall make every effort to conserve any structure determined to be historically significant.
- According to Section 200 of the Redevelopment Plan for the Project Area, the objectives, amongst others, of the Redevelopment Agency are to encourage investment in the Project Area by the private sector and promote the development of new and diverse employment opportunities for unemployed and underemployed workers in the City.
- According to Sections 2.2 and 3.2 of the Implementation Plan, the Redevelopment Agency is authorized to rehabilitate structures that are historically, physically, and aesthetically worthy of rehabilitation and the Redevelopment Agency may offer financial assistance to rehabilitate historically significant commercial structures to preserve the historic and architectural value of the structure.
- According to Section 2.2 of the Implementation Plan, one of the goals and objectives of the Redevelopment Agency, amongst others, is to stimulate private investment in the Project Area which will improve the City's economic health, tax base and provide employment opportunities to unemployed and underemployed workers in the City.

At the time of the purchase, it was the intent of the Redevelopment Agency to rehabilitate the Imperial Hardware Building by procuring a developer for redevelopment of the Property as it was identified in the Downtown Specific Plan as a key opportunity site for development in the Downtown area. The redevelopment and rehabilitation of the Property will have a myriad of economic benefits including, most importantly, job creation. New development coupled with job creation will inevitably lead to wealth creation within the City, which will increase home ownership, stabilize local neighborhoods, raise property values, increase educational attainment rates, promote healthier lifestyles and increase tax revenues. Increased tax revenue will allow the City and other government agencies to offer residents a higher quality of life through better schools, active parks and programs and quality police and fire protection.

Furthermore, the Imperial Hardware Building is historically significant and is designated as City Structure of Merit 296 and a district contributor to the National Register Eligible Mission Inn Historic District. Over the past 100+ years, the Imperial Hardware Building has evolved over time and has been occupied by various tenants and uses. The Imperial Hardware Building's final tenant vacated the premises in the late 1980's and the building

is currently being used for storage. In its current state, the building has fallen into a state of disrepair and has not been seismically upgraded. 3768 and 3776 Main Street properties are currently being used as public parking lots.

In 2009, the Redevelopment Agency contracted with Structural Focus of Gardena to perform a structural evaluation of the Imperial Hardware Building (among other things). Structural Focus' structural evaluation of the Imperial Hardware Building identified multiple structural deficiencies including, but not limited to, masonry deterioration at the mortar joints, wood deterioration caused by water damage, no wall anchors, lack of secondary columns for support of vertical loads and no cross ties. The structural evaluation report concluded that a seismic retrofit of the Imperial Hardware Building would be necessary in order to meet the "Life Safety" performance level. However, staff has concluded that the costs to perform the retrofit are prohibitive given the age and deteriorated condition of the existing structure.

III. PERMISSIBLE USE – RETENTION OF THE PROPERTY FOR FUTURE DEVELOPMENT

In order to comply with the HP Element of the General Plan, create jobs, facilitate economic development and ensure the preservation of the historic façade of the Imperial Hardware Building, the Successor Agency proposes that the Property be transferred to the City for future development.

Although the City has policies to protect and minimize adverse impacts to historical structures and features and any new design is required to comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties, the potential exists for significant and detrimental impacts to these historic resources to occur, including cumulative impacts to historic resources within Downtown Riverside. By transferring the Property to the City, the City will ensure that the historic façade of the Imperial Hardware Building is preserved and harmonious with the Raincross District development standards, making it available to future generations for civic enjoyment and the bolstering of community pride.

The Successor Agency and Ratkovich Properties, LLC (Ratkovich), a developer with extensive background in adaptive reuse of historic structures, have been in negotiations regarding the development of the Property. Ratkovich submitted a purchase and development proposal in the amount of \$1 for the Property. Ratkovich has proposed the construction of a mixed-use, four-story apartment building, which will consist of the integration and preservation of the Imperial Hardware Building historic façade and extend onto two adjacent properties including 3768 and 3776 Main Street. The proposed project will create 307 total construction and permanent jobs and will generate annual sales tax revenue in the estimated amount of \$255,312.

The proposed development will encompass 10,368 square feet of rentable commercial and retail space along Main Street and University Avenue with 52 at-grade parking stalls and 91 rentable loft apartments. The ground floor space along Main Street will be designed with a commercial storefront and will be marketed to retailers, cafes, and

restaurant users. The proposed apartment units will be marketed to young professionals currently working in the downtown area who desire an urban lifestyle within walking distance of their office or business.

Ratkovich's team has a combined 45 years of real estate development experience and has developed residential, mixed-use, and commercial projects throughout the Southern California region, with notable experience in historic districts and adaptive re-use of historic buildings, such as the Wiltern Theater, Pellissier Building and Chapman Market in Los Angeles.

IV. DISPOSITION RECOMMENDATION

Pursuant to Health and Safety Code Section 34191.5(c)(2), the Successor Agency recommends that the DOF approve the transfer of the Property to the City for \$0 for future development to complete the purpose in which the Property was acquired, pursuant to the Redevelopment and Five-Year Implementation Plan. As noted, the City will ensure that the historic nature of the Imperial Hardware Building facade is preserved, making it available to future generations for civic enjoyment and the bolstering of community pride, and that the proposed project will stimulate the local economy via the methods previously noted.

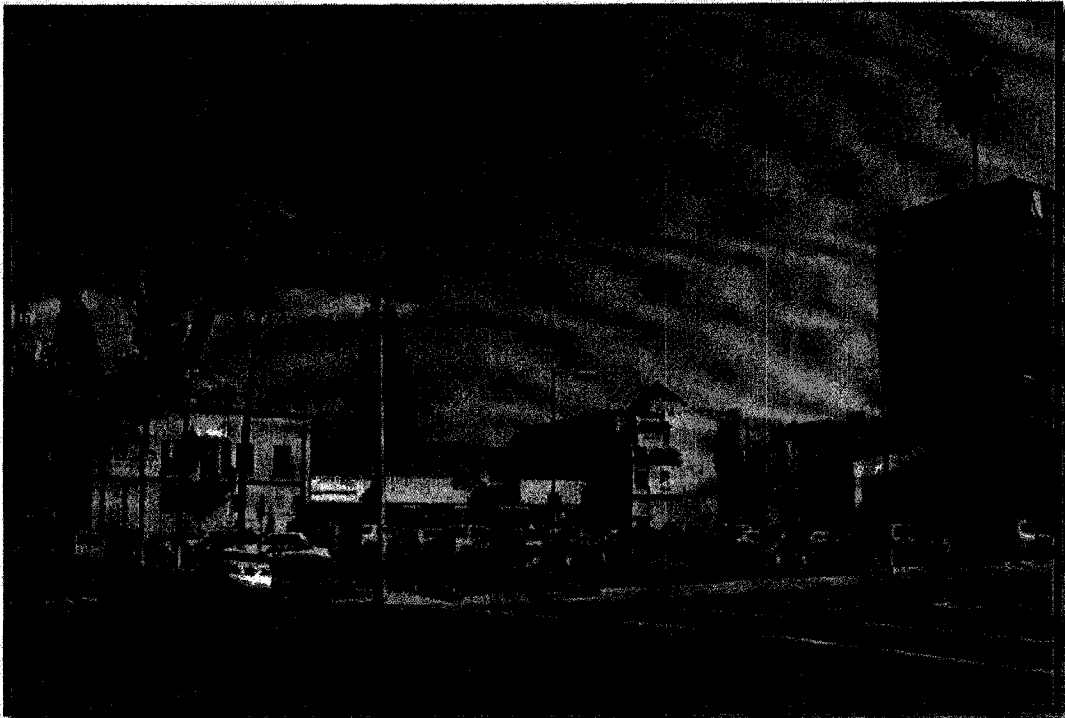
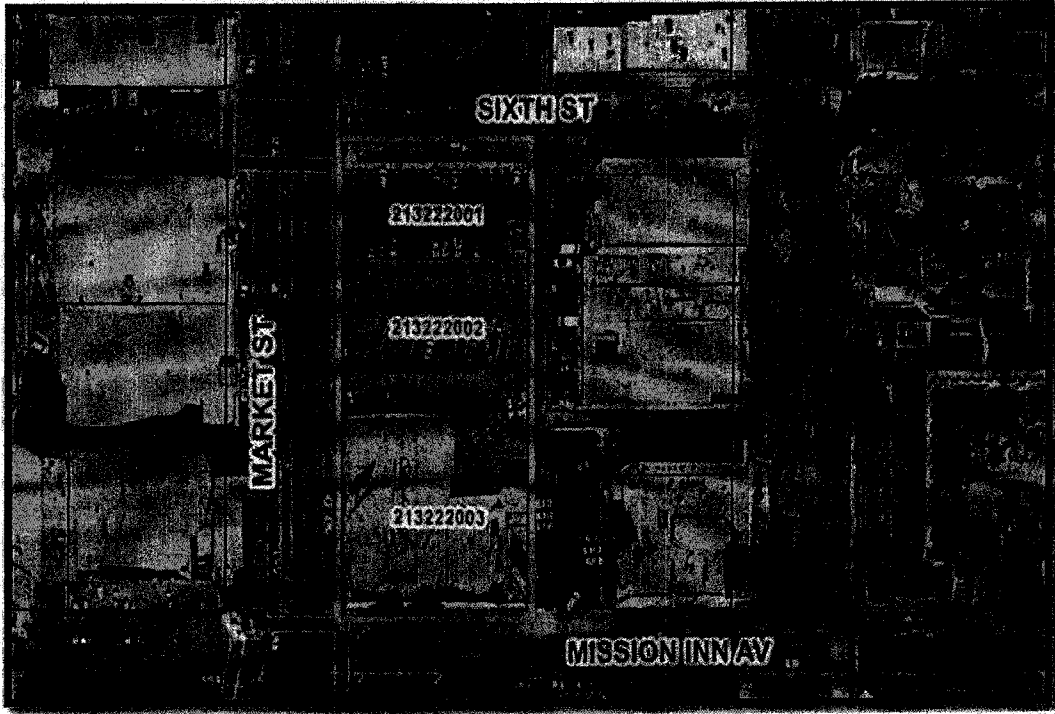
V. TAXING ENTITY APPROVALS

The affected Taxing Entities are supportive of the transfer of the Property to the City for future development and the City's disposition of the Property to Ratkovich. The eventual transfer of the Property to the City for future development will provide substantial positive fiscal benefits flowing to the affected Taxing Entities from the development of the Property that will more than offset any immediate loss in revenue.

The development of the Property is in the best interests of the affected Taxing Entities, and will generate economic benefits including increased property and sales tax revenues, and retail and employment opportunities needed by the community.

The completion of the proposed project by Ratkovich will help accomplish the City's goals of revitalizing the Downtown area to become active, lively and more visually attractive. Furthermore, the project will achieve the former Redevelopment Agency's efforts to eliminate blight and facilitate revitalization and promote redevelopment projects that are consistent with the Redevelopment Plan, Implementation Plan, Downtown Specific Plan, General Plan and the City's economic development initiatives.

**SITE 2: STALDER BUILDING
(TOTAL SITE SIZE: 1.2 ACRES)**



SITE 2: STALDER BUILDING
(TOTAL SITE SIZE: 1.2 ACRES)

I. PROPERTY PROFILE

- Address: No site address
APN: 213-022-001
Acquisition Date: June 30, 2006
Acquisition Amount: \$530,400
Acquisition Purpose: Blight elimination, historic preservation and land assembly to facilitate future development

Current Use: Public parking lot
Lot Size: 9,700 square feet
Estimated Current Value: \$400,000
Current Zoning: Raincross District
General Plan: Downtown Specific Plan
Redev. Project Area: Merged Downtown/Airport Industrial – Hunter Park/Northside

Rent/Lease Revenue: \$1 a month from the Public Works Department for use of parking lot (combined with 3650 Market Street)

Proposal History: Yes – Fox Plaza – Phase 1 B mixed-use development pursuant to an ARDDA

Environmental History: No
Transit-Oriented Potential: No
Proposed Use: Retention of the property for future development

- Address: 3650 Market Street
APN: 213-022-002 and 003
Acquisition Date: February 4, 2003
Acquisition Amount: \$1,219,396
Acquisition Purpose: Blight elimination, historic preservation and land assembly to facilitate future development

Current Use: 17,000 sq. ft. vacant historic building and parking lot
Lot Size: 40,300 square feet
Estimated Current Value: \$400,000
Current Zoning: Raincross District
General Plan: Downtown Specific Plan
Redev. Project Area: Merged Downtown/Airport Industrial – Hunter Park/Northside

Rent/Lease Revenue: \$1 a month from the Public Works Department for use of parking lot (combined with APN 213-022-001)

Proposal History: Yes – Fox Plaza – Phase 1 B mixed-use development pursuant to an ARDDA

Environmental History: No
Transit-Oriented Potential: No
Proposed Use: Retention of the property for future development

II. PROPERTY BACKGROUND/HISTORY

Located at 3650 Market Street, the subject property consists of a vacant historic building and two adjacent parking lots (Property). The Property (also known as the Stalder Building) is listed on the California Historic Resources Inventory and is across from the City Landmark Fox Theater and half a block from the City and National Landmark Mission Inn within the Raincross District.

The Stalder Building is another key opportunity site for redevelopment in the Downtown area. The Stalder Building is actually three buildings unified into one façade after a renovation was completed in 1926. A portion of the building once housed Riverside's first permanent fire station in the 1890's. Over the years, the configuration of the building was significantly altered, resulting in as many as eight storefronts along Mission Inn Avenue plus a few along Market Street. This underutilized building became a mix of mostly small antique shops.

On November 5, 2002, the Redevelopment Agency approved the acquisition of the underutilized Stalder Building and its associated parking lot, and on January 10, 2006, the Redevelopment Agency adopted a Resolution of Necessity authorizing the acquisition of the adjacent parking lot, another underutilized property fronting Market Street at Sixth Street to assemble a sufficient site for redevelopment. Collectively, this 1.2 acre site was acquired as part of the Redevelopment Agency's on-going efforts to target underutilized and blighted properties for acquisition to develop projects that are more consistent with the established Redevelopment Plan for the Merged Downtown/Airport Industrial – Hunter Park/Northside Redevelopment Project Area, the Downtown Specific Plan and the General Plan.

Additionally, on September 27, 2012, the Oversight Board approved a lease agreement for 3650 Market Street and adjacent property, which is currently being used as public parking lots, between the Successor Agency and the City. The City's Public Works Department is responsible for all management, operation and maintenance cost associated with the public parking lots and is required to remit a monthly payment of \$1 to the Successor Agency for the use of the public parking lots. The lease agreement is on a month-to-month basis and will be cancelled upon future development of the Property. The DOF did not object to this lease agreement.

III. PERMISSIBLE USE – RETENTION OF THE PROPERTY FOR FUTURE DEVELOPMENT

To redevelop the Property, on March 2, 2010, the Redevelopment Agency entered into an Amended and Restated Disposition and Development Agreement with MetroRiverside, LLC (ARDDA) for the construction of the Fox Plaza, a multi-phased mixed-use project, which includes a Hyatt Place Hotel and mixed-use components on Market Street between Sixth and Fifth Streets (Phase 1A), and residential and commercial uses with underground parking on Market Street between Mission Inn Avenue and Sixth Street, with the preservation of the Stalder Building facade (Phase 1B). MetroRiverside, LLC (Developer) completed the construction of the Hyatt Place Hotel in April 2012.

Phase 1B consists of 165 residential units and 22,000 square feet of retail and restaurant space on the 1.2 acre site on Market Street between Mission Inn Avenue and Sixth Street. The terms of the ARDDA provide for the land to be sold for \$850,000 with the Successor Agency contributing \$350,000 toward the preservation of the existing façade and \$100,000 in design costs for a total net cost of \$400,000.

The existing enforceable obligation will be maintained by the City. The City will complete the development of Phase 1B including preservation of the Stalder Building façade, which would help Riverside achieve its core objective established in the HP Element, since the Stalder Building has been identified as a good example for preservation to fulfill the needs of commercial, retail and residential presence in the Raincross District.

The completion of the Phase 1B project will also help accomplish the City's goals of revitalizing the Downtown area to become active, lively and more visually attractive. Furthermore, the project will achieve the former Redevelopment Agency's efforts to eliminate blight and facilitate revitalization and promote redevelopment projects that are consistent with the Redevelopment Plan, Implementation Plan, Downtown Specific Plan, General Plan and the City's economic development initiatives.

IV. DISPOSITION RECOMMENDATION

Pursuant to Health and Safety Code Section 34191.5(c)(2), the Successor Agency recommends that the DOF approve the transfer of the Property to the City for \$0 for future development. The City will ensure the future development of the Property is consistent with the ARDDA approved by the Redevelopment Agency on March 2, 2010 and completion of the Fox Plaza project for the purpose for which the Property was originally acquired pursuant to the Redevelopment Five-Year Implementation Plan.

The executed ARDDA between the Developer and the Redevelopment Agency (effective date: March 30, 2010) consists of the following approved primary deal points for the development of Phase 1B:

- Land Price: \$850,000
- Preservation of the Stalder Building façade, with the Redevelopment Agency funding of improvements up to \$350,000
- Redevelopment Agency to share in design costs up to \$100,000
- Due Diligence Period: 90 days from Effective Date
- Security Deposit: \$50,000 within 5 days from the Effective Date and \$50,000 each on March 30, 2011 and March 30, 2012
- Implementing Agreement: Commence negotiations within 15 days from the Effective Date

- **Start and Completion of Construction:** Construction to commence within 36 months from the Effective Date and complete within 18 months from Close of Escrow

Pursuant to the ARDDA, the Developer is required to commence construction of Phase 1B within 36 months from the Effective Date, which is on or before March 30, 2013. The Developer is currently in default of the ARDDA for not starting construction of Phase 1B by the required date.

As a result, the Successor Agency is in litigation with the Developer to pursue enforcement of the ARDDA. To comply with the ARDDA, the Successor Agency is seeking viable alternatives to enforce the primary deal points of the agreement including transferring the Property to the City for enforcement.

Upon transfer of the Property to the City, the City will continue to negotiate with the Developer on the construction of Phase 1B. Should the Developer fail to commence the construction of Phase 1B within a reasonable period of time or terminate the development of Phase 1B, the City either intends to assign the Developer's enforceable obligation to another potential developer, which is allowed in the ARDDA pursuant to Section 1.4. or contract with a new developer to reach fruition of the above identified project.

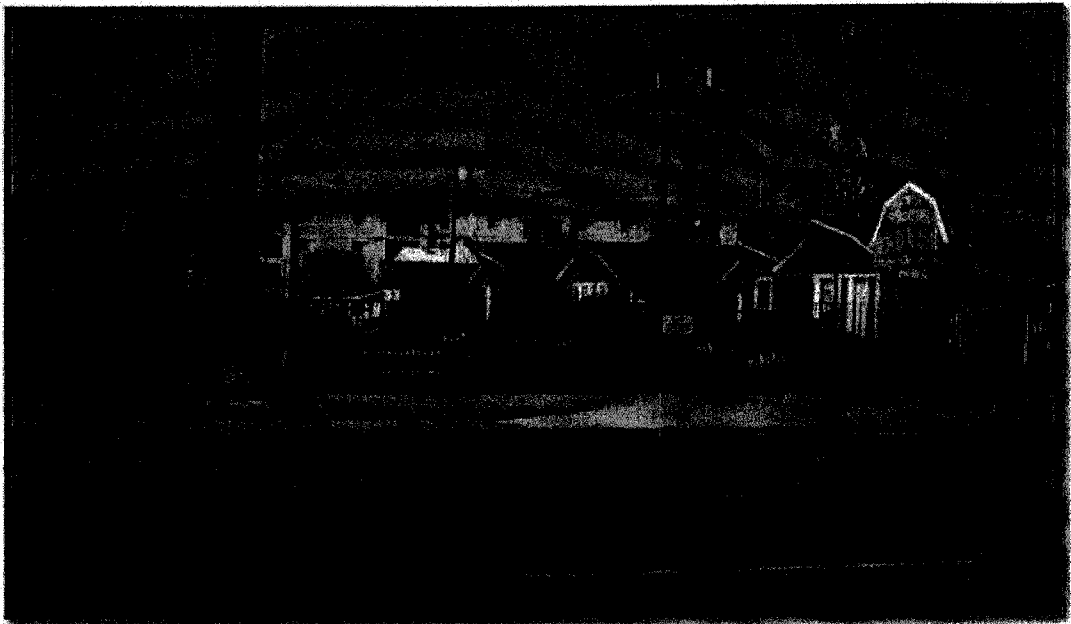
V. TAXING ENTITY APPROVALS

The affected Taxing Entities are supportive of the transfer of the Property to the City for future development and the City's disposition of the Property to MetroRiverside, LLC or another potential developer. The transfer of the Property to the City for future development will provide substantial positive fiscal benefits flowing to the affected Taxing Entities from the development of the property that will more than offset any immediate loss in revenue.

The development of the Property is in the best interests of the affected Taxing Entities, and will generate economic benefits including increased property and sales tax revenues, and retail and employment opportunities needed by the community.

The completion of Phase 1B would also help Riverside to accomplish its goal and vision of preserving a historic resource while supporting a pedestrian-oriented center of Downtown, with an emphasis on an intense mixture of residential, commercial and restaurant uses. It is anticipated that the recently opened Hyatt Place Hotel and the proposed complex of shops, restaurants and condominiums will help spark downtown revitalization, create jobs and facilitate economic development.

**SITE 3: FARM HOUSE MOTEL
(TOTAL SITE SIZE: 42,253 SQUARE FEET)**



SITE 3: FARM HOUSE MOTEL
(TOTAL SITE SIZE: 42,253 SQUARE FEET)

I. PROPERTY PROFILE

- Address: 1393 University Avenue
- APN: 250-190-009
- Acquisition Date: August 22, 2008
- Acquisition Amount: \$1,578,478
- Acquisition Purpose: Blight elimination, historic preservation and land assembly to facilitate future development
- Current Use: 10,400 square foot historic vacant building
- Lot Size: 42,253 square feet
- Estimated Current Value: \$100,000
- Current Zoning: Single-Family Residential (R-1-7000)
- General Plan: Office
- Redev. Project Area: University Corridor/Sycamore Canyon Merged
- Rent/Lease Revenue: No
- Proposal History: Yes – Proposed development of a student housing project
- Environmental History: No
- Transit-Oriented Potential: No
- Proposed Use: Retention of the property for future development

II. PROPERTY BACKGROUND/HISTORY

In general, University Avenue is an excellent location and has the potential to be an economically strong part of Riverside's urban fabric. University Avenue enjoys excellent freeway access, proximity to a major campus of the University of California, Riverside (UCR), which is growing. Unfortunately, land uses along University Avenue consist primarily of fast food and full service restaurants, banks, motels, gasoline stations, and auto repair uses. Commercial uses fronting most of University Avenue are generally backed by residential uses. Concentrated close to UCR and Interstate 215 are newer and larger commercial developments; however, older structures and poorer building conditions are generally found in the western portion of the corridor or the Eastside community.

University Avenue is characterized by a number of physical and social problems including poor quality development in a strip commercial pattern, poor visual character, with no continuity in the quality or design of architecture or landscaping, predominantly narrow or shallow commercial parcels, underutilized commercial sites; and concentrations of undesirable uses, such as liquor stores and motels, which give University Avenue a poor image and are magnets for law enforcement problems such as prostitution and drug trafficking. These problems hamper University Corridor's ability to achieve its economic potential.

On June 24, 2008, to eliminate an improperly utilized, underutilized and blighted property and provide for the development of a project that is more consistent with the City's vision

for the corridor, the Redevelopment Agency approved a purchase and sale agreement for the acquisition of the Farm House Motel, located at 1393 University Avenue (Motel) in the Eastside community of Riverside.

The Motel was determined eligible for designation as a local landmark and for consideration for listing in the California Register of Historical Resources and the National Register of Historic Places. Since the Motel was determined to retain a good level of integrity, the City desires to control the preservation and restoration of the Motel in order to protect one of a few remaining motor court motels. The University Avenue Specific Plan acknowledges that the Motel is one of the best remaining examples of University Avenue's motor courts and represents a significant historic preservation opportunity along University Avenue.

The Motel occupies approximately 10,400 square feet of building area on the south-end of a narrow one acre site fronting University Avenue. The Motel consists of two building structures that are no longer capable of hosting competitive lodging operations. Furthermore, the buildings continue to deteriorate as a result of persistent vandalism since its vacancy in 2008.

To realize the former Redevelopment Agency's objective of completing the rehabilitation of this blighted motel along University Corridor pursuant to the Redevelopment Five-Year Implementation Plan, timely adaptive reuse of the Motel will help enhance University Avenue's physical image and offer a more vibrant commercial location on University Avenue, which would improve economic development in the area.

III. PERMISSIBLE USE - RETENTION OF THE PROPERTY FOR FUTURE DEVELOPMENT

As a result of the former Redevelopment Agency's efforts within the University Corridor/Sycamore Canyon Merged Redevelopment Project Area (Project Area), many neglected or developed properties with undesirable uses along University Avenue were acquired and cleared in order to provide opportunities for street-focus development featuring pedestrian-scale commercial and mixed-use projects that comply with the established Redevelopment Plan for the Project Area, the University Specific Plan and the General Plan. The Motel is one of the key opportunity sites that are currently available for facilitation of a more desirable development along University Avenue.

The Motel is recognized as an important historic structure in the community and Riverside as a whole and the City desires to preserve this significant resource, which would result in job creation and economic development. Future rehabilitation of the existing Motel is required to be in line with Riverside's vision for the reuse of historic structures. The proposed use must be consistent with the established plans and proposed rehabilitation of the Motel building structures must be the least impact on the architectural integrity and historic character in accordance with the Secretary of the Interior's Standards for Rehabilitation and State Historical Building Code. Additionally, any proposed development surrounding the Motel must utilize design approaches that would reduce the effects of height and mass.

On July 14, 2011, the former Redevelopment Agency received a Letter of Intent from Valeo (Developer) to purchase the Motel. Since July 2011, the former Redevelopment Agency/Successor Agency has been in negotiations with the Developer on the disposition and proposed reuse and development of the Motel.

The Developer recognizes the significance of the Motel to the City and intends to purchase and consolidate the property with other adjacent properties at University and Iowa Avenues. The Motel property is envisioned to be included as part of a 3.3 acre urban high density student housing project with enough bedroom capacity to house 750 students within 3-bedroom and 4-bedroom living units. The development is to consist of several inter-connected 5-story buildings with a common area facility and a central parking structure.

The existing Motel is proposed as the location for a low density cottage style rehabilitation student housing, which is in line with the City's vision for the reuse of the site with the least impact on the architectural integrity and historic character. The Developer proposes to rehabilitate the existing degraded Motel buildings in keeping with its historic integrity and characteristics and University Avenue as the major thoroughfare connecting Downtown Riverside and UCR.

Adaptive reuse of a blighted property on a major thoroughfare of the City will provide benefit to the community by making the area more desirable; increase property values; stimulate the local economy with much needed permanent and temporary construction jobs; and, as well as to the taxing entities by supporting the tax base. The future development of the Motel will help accomplish Riverside's overall vision of revitalizing University Avenue to become an active, lively, visually attractive thoroughfare.

IV. DISPOSITION RECOMMENDATION

Pursuant to Health and Safety Code Section 34191.5(c)(2), the Successor Agency recommends that the DOF approve the transfer of the Farm House Motel to the City for \$0 for future development of the currently blighted Motel on University Avenue for the purpose for which the property was originally acquired pursuant to the Redevelopment Five-Year Implementation Plan.

V. TAXING ENTITY APPROVALS

The affected Taxing Entities are supportive of the transfer of the Property to the City for future development and the City's disposition of the Motel to the Developer. The transfer of the Motel to the City for future development will provide substantial positive fiscal benefits flowing to the affected Taxing Entities from the development of the property that will likely more than any immediate loss in revenue.

The future development of the Motel property will generate a greater return to the affected Taxing Entities than sale of the property as-is. The future rehabilitation of the Motel will generate economic benefits including increased sales tax revenues and employment opportunities needed by the community.

