



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

# H-1

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

March 6, 2007

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Receive supporting documentation into the record, conclude the Public Hearing, find that the consideration for the conveyance of certain real property in the Central Long Beach Redevelopment Project Area is not less than fair market value in accordance with covenants and conditions governing such conveyance, and adopt the attached resolution approving the proposed quitclaim between the Redevelopment Agency of the City of Long Beach, California, and The Long Beach Housing Development Company. (District 6)

## DISCUSSION

On September 23, 2002, the Long Beach Redevelopment Agency (Agency) agreed to acquire properties on the west side of Atlantic Avenue between 20<sup>th</sup> and Hill Streets on behalf of The Long Beach Housing Development Company (LBHDC). A map of the site and photographs (Exhibit A) and a list of the subject properties (Exhibit B) are included. A Memorandum of Agreement (MOA) was prepared by the City Attorney's Office and executed by the Executive Director of the Agency and the President of the LBHDC. The MOA specified that the LBHDC would advance all costs and expenses incurred from these transactions to the Agency, the Agency would acquire the properties and relocate the tenants, and then relinquish its ownership of the properties to the LBHDC after the acquisition process was completed.

On March 17, 2004, the LBHDC adopted the Atlantic Avenue Master Plan. The Master Plan contains specific development guidelines for the development of affordable housing on the west side of Atlantic Avenue between 20<sup>th</sup> and Hill Streets. The plan contemplates the development of attached for-sale housing for moderate-income households. On May 18, 2005, the LBHDC Board authorized staff to release a Request for Qualifications (RFQ) to identify interested developers. Brookfield Homes was

HONORABLE MAYOR AND CITY COUNCIL

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selected by the LBHDC through a competitive selection process that included the review of qualifications from nine developers.

The acquisition process has now been completed for a total cost of approximately \$10.39 million. This amount includes acquisition cost of land and buildings, relocation, demolition, goodwill, and furnishings and equipment.

The LBHDC is ready to move forward with negotiations with Brookfield Homes and has requested the Agency to convey its ownership of the properties to the LBHDC as agreed upon in the MOA. By March 5, 2007, the Agency will have conducted a Public Hearing, adopted a Resolution making certain findings, and authorized the conveyance of the properties to the LBHDC.

Pursuant to the provisions of the California Redevelopment Law, the City Council is also required to hold a Public Hearing on the proposed conveyance and to adopt a Resolution approving the proposed conveyance of the properties by the Agency to the LBHDC.

Public Notice of this hearing has been properly given. Attached for your information are the following documents:

- Summary Report (as required by the California Health and Safety Code Section 33433 (Exhibit C).
- Resolution by the City Council finding that the sale of real property in the Central Long Beach Redevelopment Project Area is not less than Fair Market Value.

This letter was reviewed by Deputy City Attorney Heather Mahood on February 22, 2007 and Budget and Performance Management Bureau Manager David Wodynski on February 22, 2007.

TIMING CONSIDERATIONS

City Council action is requested on March 6, 2007, so that the LBHDC may proceed with development of the site.

FISCAL IMPACT

Through an MOA between the LBHDC and Agency, the Agency acquired the properties by utilizing funds transferred from an advance of the LBHDC's allocations of redevelopment set-aside funds. No additional payment of funds is required in this transaction and no bond monies were used in the financing.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

  
PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT

  
MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

  
GERALD R. MILLER  
CITY MANAGER

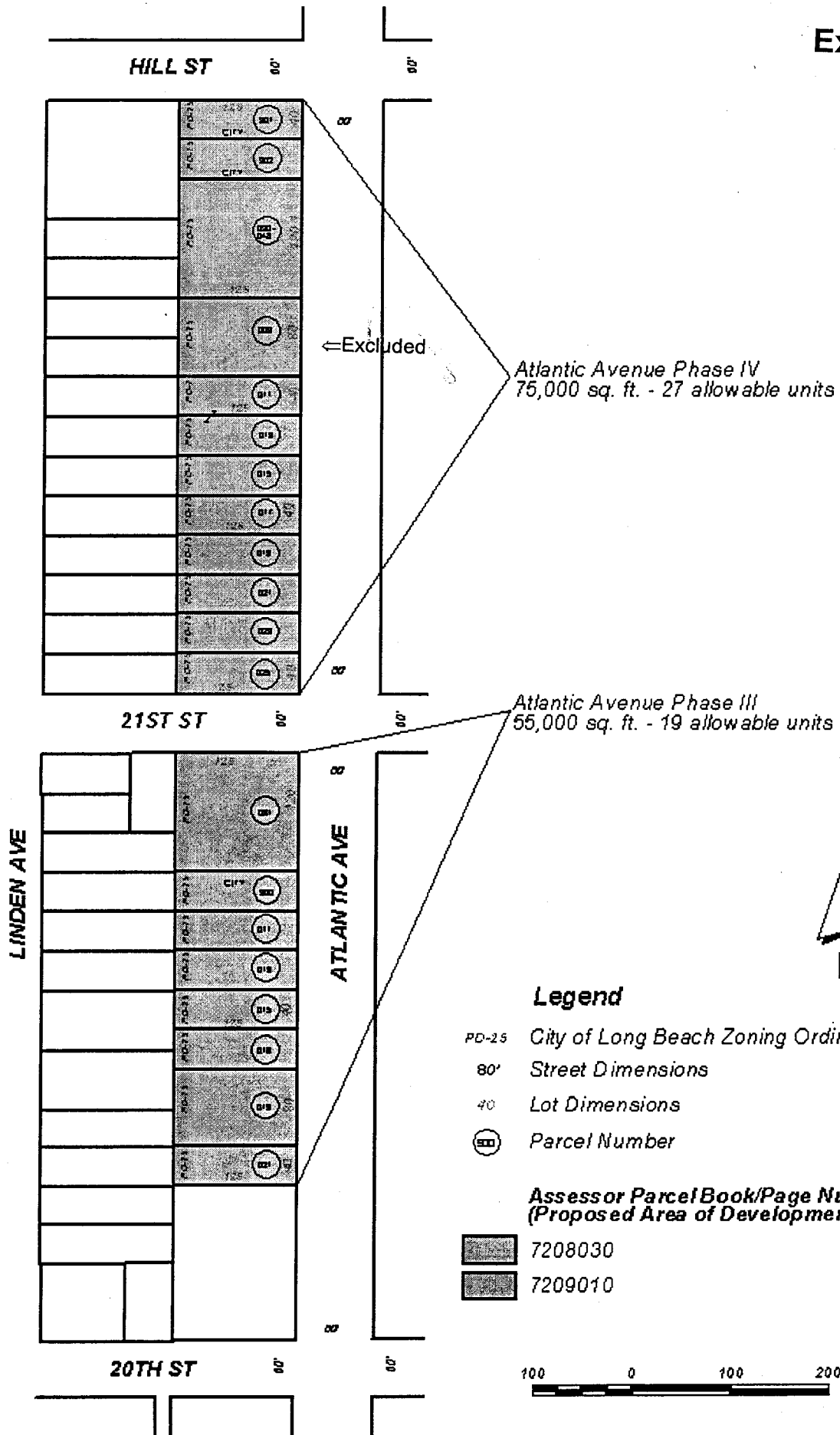
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Attachments:

Exhibit A – Site Map and Site Photographs  
Exhibit B – List of Properties  
Exhibit C – 33433 Summary Report  
City Council Resolution

# Exhibit A

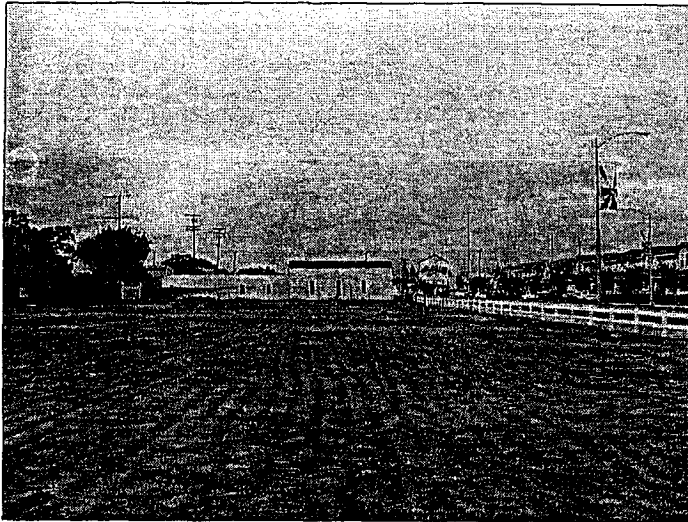


- Legend**
- PD-25 City of Long Beach Zoning Ordinance
  - 80' Street Dimensions
  - 40' Lot Dimensions
  - Parcel Number
- Assessor Parcel Book/Page Number  
(Proposed Area of Development)**
- 7208030
  - 7209010

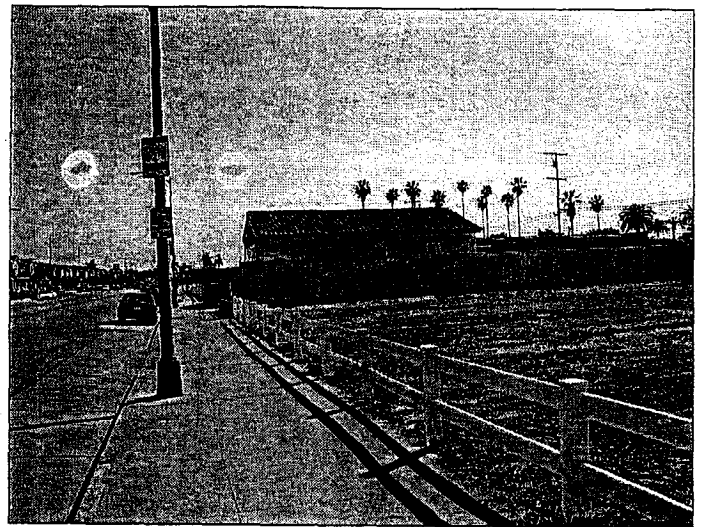


# Atlantic Avenue Workforce Housing

(West side of Atlantic between Hill Street, 20<sup>th</sup> Street and 21<sup>st</sup> Street)



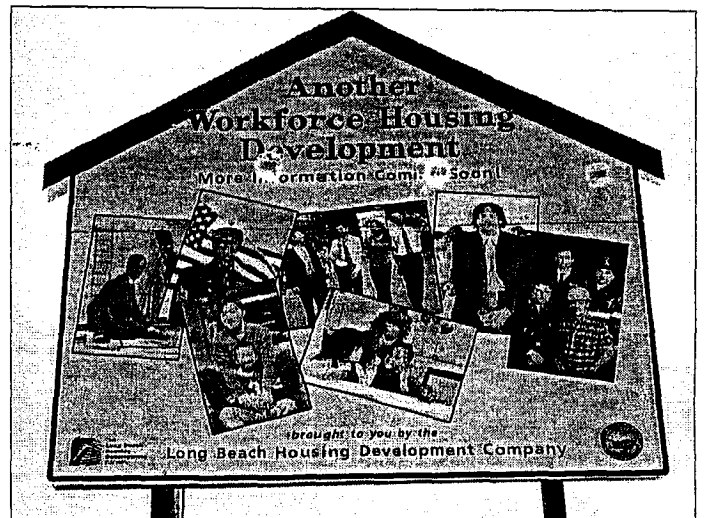
Looking North



Northern Section



Looking South



Three double-sided signs were installed in September.

**ATLANTIC AVENUE WORKFORCE HOUSING DEVELOPMENT**

(West side of Atlantic Avenue, between Hill Street, 20<sup>th</sup> Street and 21<sup>st</sup> Street)

The proposed development will be 48-units, for-sale, moderate-priced residences.

1. 17 total parcels acquired
2. Proposed site totals approximately 130,000 square feet
3. Specific assessor parcel numbers listed below: (See APNs):

Former APN	Current APN	Address	Use
	Changed to reflect government ownership.		
7208-030-030 to 7208-030-048	7208-030-906 through 921, 7208-030-926, 7208-030-927	2175 Atlantic Ave.	vacant
7208-030-011	7208-030-924	2149 Atlantic Ave.	vacant
7208-030-013	7208-030-903	2143 Atlantic Ave.	vacant
7208-030-015	7208-030-904	2137 Atlantic Ave.	vacant
7208-030-017	7208-030-922	2129 Atlantic Ave.	vacant
7208-030-019	7208-030-905	2121 Atlantic Ave.	vacant
7208-030-021	7208-030-928	2115 Atlantic Ave.	vacant
7208-030-023	7208-030-923	2107 Atlantic Ave.	vacant
7208-030-025	7208-030-925	569 E. 21st St.	vacant
7209-001-031	7209-001-908	2085 Atlantic Ave.	former gas station
7209-001-900	7209-001-900	2075 Atlantic Ave.	Multi-Family Residential
7209-001-011	7209-001-902	2067-2071 Atlantic Ave.	Multi-Family Residential
7209-001-013	7209-001-903	2059-2061 Atlantic Ave.	Mixed Commercial and Residential
7209-001-015	7209-001-904	2055 Atlantic Ave.	Commercial Retail
7209-001-016	7209-001-907	2047 Atlantic Ave.	Tanks Auto Repair shop
7209-001-019, 7209-001-021	7209-001-905	2029-2035 Atlantic Ave.	Tanks Auto Repair shop
7209-001-901	7209-001-901	2001 Atlantic Ave.	vacant

**SUMMARY REPORT PURSUANT TO  
SECTION 33433  
OF THE  
CALIFORNIA HEALTH AND SAFETY CODE  
ON A  
MEMORANDUM OF AGREEMENT  
BY AND BETWEEN THE  
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH  
AND THE  
LONG BEACH HOUSING DEVELOPMENT COMPANY**

The following Summary Report has been prepared pursuant to Section 33433 of the California Health and Safety Code. The report sets forth certain details of the Memorandum of Agreement (Agreement) between the Redevelopment Agency of the City of Long Beach (Agency) and the Long Beach Housing Development Company (Company). The purpose of the Agreement is to effectuate the Redevelopment Plan for the Central Redevelopment Project Area (Redevelopment Plan).

The Agreement dated May 6, 2003, required the Agency to acquire properties on the Westside of Atlantic Avenue on behalf of the Company. The Agreement specified that the Company would advance all costs and expenses incurred from these transactions to the Agency. Once all of the properties were acquired, the Agency was to relinquish its ownership to the Company. The Agency has since acquired 17 parcels along Atlantic Avenue between Hill and 21<sup>st</sup> Streets, totaling 130,000 square feet of land area (Site).

The Summary Report is based upon information contained within the Agreement and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the scope of development and the major responsibilities imposed on the Company and the Agency by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the Agency associated with implementing the Agreement.
- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Site's existing zoning and the requirements imposed by the Redevelopment Plan.

- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Agency and explains any difference between the compensation to be received and the established highest and best use value of the Site.
- VI. **Blight Elimination:** This section describes the existing blighting conditions on the Site and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB 1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Agency's adopted AB 1290 Implementation Plan.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

## I. SALIENT POINTS OF THE AGREEMENT

### A. Company Responsibilities

The Agreement requires the Company to accept the following responsibilities:

1. Funds transferred to the Agency from the Company will pay all costs associated with:
  - a. The eminent domain proceeds instituted by the Agency;
  - b. The relocation of eligible persons; and
  - c. Securing replacement housing.
2. The authorization of combined fair market land purchase values and other land assemblage costs of maximum acquisition costs of \$8.35 million. Further increases in costs must be approved by the Company.
3. Direct payment for the property management of the parcels once acquired by the Agency.



## **B. Agency Responsibilities**

Under the Agreement, the Agency must accept the following responsibilities:

1. The acquisition of the Site by conventional methods or use of eminent domain.
2. Provide an advance to the Company in the amount of \$2.00 million from the Company's fiscal year 2003/04 allocation of redevelopment low income housing set-aside funds to finance acquisition and development expenses associated with the Site.

## **II. COST OF THE AGREEMENT TO THE AGENCY**

The Agency costs to implement the Agreement total an estimated \$10.39 million. These costs include the following:

1. Land acquisition costs;
2. Tenant relocation costs;
3. Demolition costs;
4. Eminent domain proceedings costs;
5. Environmental studies and remediation; and
6. Attorney fees.

## **III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN**

Section 33433 of the California Health and Safety Code requires the Agency to identify the value of the interests being conveyed at the highest and best use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan. The valuation must be based on the assumption that near-term development is required, but the valuation does not take into consideration any extraordinary use, quality and/or income restrictions are being imposed on the development by the Agency.

The Site is located within the Atlantic Avenue General Plan boundaries, in which the Planned Development (PD-25) designation permits retail and residential uses. It is concluded that the PD-25 zoning with residential uses is the highest and best use for the Site. Based on recent land sale comparables for vacant residential land, the Site's value at the highest and best use is \$3.25 million, or approximately \$25 per square foot of land area.

#### **IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED**

While the Company intends to use the Site for an affordable housing project, the Agency is to convey the Site to the Company with no restrictions. Therefore, the reuse value is equal to the fair market value at the highest and best use, or \$3.25 million.

#### **V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE**

The Company provided the Agency with \$10.39 million at the time the parcels were acquired. The Agreement requires the Agency to convey the Site to the Company for the cost of acquiring the Site. This amount equates to the \$10.39 million. In contrast, the reuse value for the Site is \$3.25 million. Thus, it can be concluded that the Agency is receiving fair consideration for the interest being conveyed to the Company.

#### **VI. BLIGHT ELIMINATION**

The Company intends to develop an affordable housing project restricted to low and moderate income households on the Site in accordance with the Atlantic Avenue Master Plan. In accordance with California Redevelopment Law, as portrayed in the California Health and Safety Code Section 33433, the sale of property that results in the provision of housing for low or moderate income persons, satisfies the blight elimination criteria imposed by Section 33433. Thus, the anticipated development project fulfills the blight elimination requirement.

#### **VII. CONFORMANCE WITH THE AB 1290 IMPLEMENTATION PLAN**

The anticipated development project conforms to the Project Area's Implementation Plan for 2004 - 2009. Specifically, the project meets the following goals:

1. The implementation of the Agreement will consolidate multiple parcels under one ownership entity, and eliminate the blighting influence created by the existing mix of physically and functionally obsolete structures.
2. The anticipated development project will increase the affordable housing stock within the Central Long Beach Redevelopment Project Area.

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE PROPOSED QUITCLAIM BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND THE LONG BEACH HOUSING DEVELOPMENT COMPANY; FINDING THAT THE CONSIDERATION FOR THE CONVEYANCE OF CERTAIN REAL PROPERTY IN THE CENTRAL LONG BEACH REDEVELOPMENT PROJECT IS NOT LESS THAN FAIR MARKET VALUE IN ACCORDANCE WITH COVENANTS AND CONDITIONS GOVERNING SUCH CONVEYANCE; AND APPROVING THE CONVEYANCE OF THE PROPERTY AND THE QUITCLAIM

WHEREAS, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), is engaged in activities necessary to execute and implement the Redevelopment Plan for the Central Long Beach Redevelopment Project (the "Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency proposes to convey certain real property (the "Property") in the Project pursuant to the terms and provisions of a quitclaim and which Property is described in Exhibit "A" which is attached and incorporated by reference; and

WHEREAS, the Long Beach Housing Development Company ("Developer"), has submitted to the Agency a written offer in the form of a quitclaim to purchase the Property for not less than fair market value for uses in accordance with the Redevelopment Plan and the covenants and conditions of the Disposition and

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1 Development Agreement; and

2 WHEREAS, the proposed quitclaim contains all the provisions, terms and  
3 conditions and obligations required by Federal, State and local law; and

4 WHEREAS, Developer possesses the qualifications and financial  
5 resources necessary to acquire and insure development of the Property in accordance  
6 with the purposes and objectives of the Redevelopment Plan; and

7 WHEREAS, the Agency has prepared a summary setting forth the cost of  
8 the quitclaim to the Agency, the estimated value of the interest to be conveyed,  
9 determined at the highest uses permitted under the Redevelopment Plan and the  
10 purchase price and has made the summary available for public inspection in  
11 accordance with the California Redevelopment Law; and

12 WHEREAS, the Agency has certified Mitigated Negative Declaration No.  
13 30-03 pursuant to the California Environmental Quality Act and the City Council has  
14 considered such document in its review of the proposed conveyance; and

15 WHEREAS, pursuant to the provisions of the California Community  
16 Redevelopment Law, the City Council of the City of Long Beach held a public hearing  
17 on the proposed conveyance of the Property after publication of notice as required by  
18 law; and

19 WHEREAS, the City Council has duly considered all terms and conditions  
20 of the proposed conveyance and believes that the redevelopment of the Property is in  
21 the best interests of the City and the health, safety, morals and welfare of its residents  
22 and in accord with the public purposes and provisions of applicable Federal, State and  
23 local law.

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves  
25 as follows:

26 Section 1. The City Council finds and determines that the consideration  
27 for conveyance of the Property pursuant to the quitclaim is not less than fair market  
28 value in accordance with covenants and conditions governing the conveyance, and the

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Council further finds and determines that the consideration for the conveyance of the Property, determined at the highest and best use under the Redevelopment Plan, is necessary to effectuate the purposes of the Redevelopment Plan for the Project.

Sec. 2. The conveyance of the Property by the Agency to Developer and the quitclaim which establishes the terms and conditions for the conveyance of the Property are approved.

Sec. 3. The conveyance and development of the Property shall eliminate blight within the Project Area and is consistent with the implementation plan for the Project adopted pursuant to Health and Safety Code Section 33490.

Sec. 4. The City Council further authorizes the City Manager to execute any additional agreements necessary to implement the quitclaim.

Sec. 5. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2007, by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

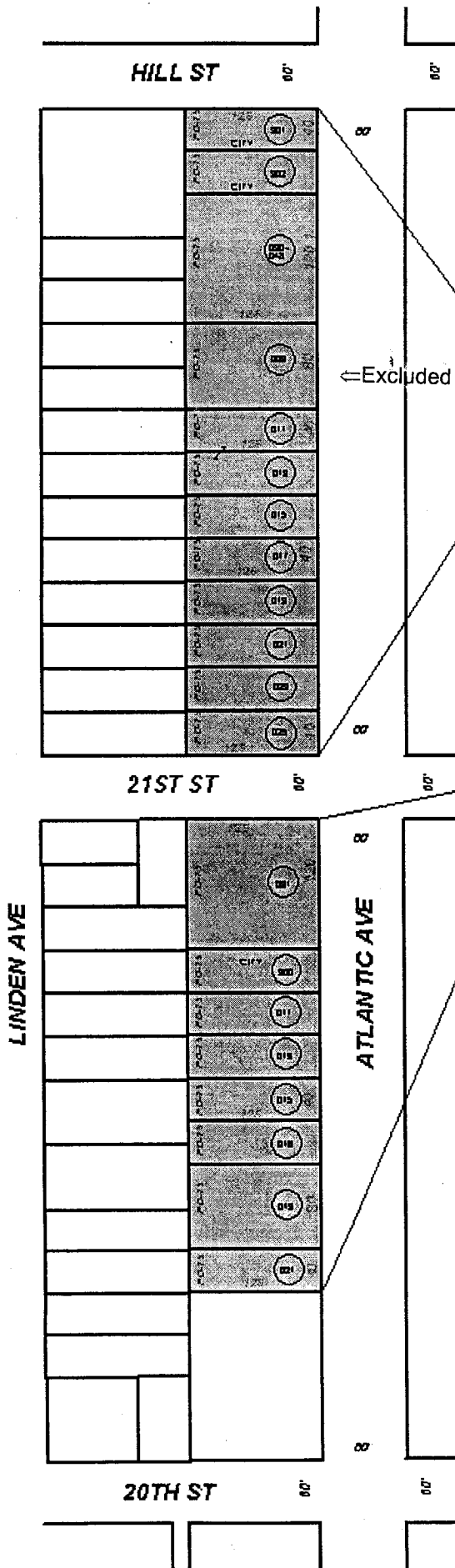
Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

City Clerk

# Exhibit A



← Excluded

Atlantic Avenue Phase IV  
75,000 sq. ft. - 27 allowable units

Atlantic Avenue Phase III  
55,000 sq. ft. - 19 allowable units



### Legend

- PD-25 City of Long Beach Zoning Ordinance
- 80' Street Dimensions
- 40' Lot Dimensions
- (500) Parcel Number

### Assessor Parcel Book/Page Number (Proposed Area of Development)

- 7208030
- 7209010

