



CITY OF LONG BEACH

H-3

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

December 13, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the public hearing, and adopt the attached Resolutions making certain findings and approving and authorizing the City Manager to execute a Disposition and Development Agreement with Lennar Long Beach Promenade Partners, LLC. (District 2)

DISCUSSION

Background

Since November of 2001 the Redevelopment Agency (Agency) has been negotiating with three developers for redevelopment of portions of The Promenade between 1st Street and 3rd Street. Negotiations concluded with The Olson Company in September of 2004 for the development of Site 1 (Exhibit A – Map of Promenade Development Projects) and construction is now underway. Negotiations are almost complete with Lyon Realty Advisors for Site 3. This public hearing is to consider the sale of Site 2 to Lennar Long Beach Promenade Partners, LLC (Developer). Since the property was purchased by the Agency with tax increment monies, California Redevelopment Law requires that this sale also be approved by the City Council by resolution after a public hearing.

Terms and Conditions of the Agreement

The terms and conditions of the sale and subsequent development are included in a Disposition and Development Agreement (DDA) between the Agency and the Developer. Under the terms of that DDA, the Developer will pay \$1,803,000 for the 30,000-square foot site at the southeast corner of The Promenade and East Broadway and for the subterranean vacation of a portion of The Promenade for a small part of the development's underground parking garage.

A portion of this purchase price will be paid with in-kind improvements to public facilities. The Developer will be improving that portion of The Promenade that fronts the new project in accordance with a plan being developed jointly by the Agency, the City's Parks, Recreation, and Marine Department, and area stakeholders. The evolving plan focuses on the "greening" of The Promenade through the use of new landscaping and the incorporation of public art.

As a result of this collaborative process, the renovation of the existing amphitheater has been included as part of The Promenade improvements. When completed, the facility will still accommodate performances and possibly include a media wall for open-air film showings. The floor of the amphitheater will be raised, the water features will be redone, and the pavilions will be used for art displays or other exhibits. The goal of the renovation is to create a multi-use facility that accommodates a variety of park uses.

Project Plans

The Developer will construct 62 for-sale residential units. There will be 14 three-bedroom townhouses ranging in size from 1,612 square feet to 2,169 square feet and there will be 48 flats with one to three bedrooms ranging in size from 717 square feet to 1,390 square feet. There will also be 4,333 square feet of first floor retail space for small stores. The DDA contains a list of prohibited uses and the Agency has the right to approve the specific retail users of the space for the first five years of occupancy. The DDA also requires the Developer to disclose to all buyers that the project is located within the City's Downtown Entertainment District. The project has a total of 144 parking spaces, 29 of which will be available to the general public.

The Developer has presented plans to the Downtown Long Beach Associates this past spring and received Stage III Design Review approval from the Agency on September 26, 2005. The Planning Commission approved entitlements for the project on October 6, 2005. Upon approval of the DDA the parties will open escrow with the goal of beginning construction in February of 2006.

The Developer, its contractors, and its subcontractors are required to provide to the greatest extent feasible, opportunities to lower-income residents of the City for training and employment arising from development of the project. This will include partnering with the City's Workforce Development Bureau to identify opportunities for job training.

Compliance with California Environmental Quality Act

The City's Environmental Planning Officer prepared an Initial Study of Environmental Impact and determined that a Mitigated Negative Declaration of Environmental Impact was the appropriate environmental document for the project. The Agency certified the Mitigated Negative Declaration for the project on March 14, 2005 (Exhibit B – Mitigated Negative Declaration).

Section 33433 Summary Report

Pursuant to California Redevelopment Law, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit C – Section 33433 Summary Report) that contains the following:

- The estimated value of the interests to be conveyed, determined at the highest use permitted under the Redevelopment Plan;
- The estimated reuse value of the interests to be conveyed, determined at the use and with the conditions, covenants and development costs required by the DDA;
- The purchase price;
- The cost of the DDA agreement to the Agency;
- The net cost/benefit to the Agency;
- An explanation of why the sale of the Site will assist in the elimination of blight; and
- An explanation of why the sale of the Site is consistent with the Agency's AB 1290 Implementation Plan.

Findings of Public Benefit

California Redevelopment Law also provides that the Redevelopment Agency may, with the consent of the City Council, pay for public improvements, which are publicly-owned either within or outside of a Redevelopment Project Area, if the City Council determines all of the following:

- That the construction of such public improvements is of benefit to the redevelopment project area or the immediate neighborhood in which the public improvement project is located;
- That no other reasonable means of financing the public improvements are available to the community; and
- That the payment of Redevelopment Agency funds for the construction of the public improvements will assist in the elimination of one or more blighting conditions within the Project Area.

Since a portion of the purchase price for the Site is credited against the construction of public improvements, the Agency is funding construction, so these findings must be made. These public improvements include the improvement of The Promenade right-of-way, including new paving, lighting, landscaping, public art, pedestrian seating, water features, and similar improvements, and the renovation of the amphitheater at First Street and The Promenade.

These improvements will assist in the removal of blight by providing useable open space in the newly developing residential neighborhood Downtown, improving pedestrian flow through the Downtown, improving safety of the residents, and promoting business attraction along The Promenade and the nearby streets.

A separate resolution is attached making certain findings regarding the construction of these public improvements with redevelopment funds in the Downtown Long Beach Redevelopment Project Area.

Staff Reviews

This letter was reviewed by Assistant City Attorney Heather A. Mahood on December 5, 2005, and Budget Management Officer David Wodynski on December 1, 2005 .

TIMING CONSIDERATIONS

City Council action is requested on December 13, 2005, in order to facilitate close of escrow and commencement of construction in February 2006.

FISCAL IMPACT

The DDA will result in the Developer paying the Agency \$1,350,000 for the property, completing the public improvements to The Promenade at a minimum cost of \$285,000, and contributing \$168,000 to the incorporation of public art along The Promenade. The \$1,350,000 will be deposited in the Redevelopment Fund (RD) in the Department of Community Development (CD). While there is no impact to the General Fund, this project will provide needed improvements to the public right-of-way on The Promenade.

SUGGESTED ACTION:

Approve recommendation.

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Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER

PHW/BAK/JVK

Attachments: Exhibit A – Map of Promenade Development Projects
Exhibit B – Mitigated Negative Declaration
Exhibit C – Section 33433 Summary Report
City Council Resolutions

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