



## MEMORANDUM

**Date:** May 19, 2010  
**To:** Board of Directors  
The Long Beach Housing Development Company  
**From:** Ellie Tolentino, *Ellie Tolentino* Vice President  
**Prepared by:** Meggan Sorensen, Development Project Manager  
**Subject:** **Acquisition of Properties Located at 1770 Magnolia Ave. and 460 W. Pacific Coast Highway (CD1)**

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### RECOMMENDATIONS

- 1) Approve the acquisition of two properties located at 1770 Magnolia Ave. and 460 W. Pacific Coast Highway and authorize a budget of \$1,388,750 to acquire and assemble these sites for development; and
- 2) Authorize the President or designee to execute any and all documents necessary to complete property acquisition and site assembly.

### BACKGROUND

On August 20, 2008, The Long Beach Housing Development Company (LBHDC) approved the acquisition of five properties located at 1746 through 1770 Magnolia Ave. and 460 W. Pacific Coast Highway, and authorized a budget of \$2,857,500 for acquisition, relocation, demolition and other related costs. A copy of the Closed Session staff report is attached for your information. The intent was for the LBHDC to acquire the entire eastern block of Magnolia Ave. between 17<sup>th</sup> St. and W. Pacific Coast Highway to make way for a future new housing development. To date, three of the properties have been acquired and, after many months of negotiations, the last two property owners have agreed to sell.

The owner of 1770 Magnolia Ave. has agreed to sell for \$521,000 including acquisition and relocation. The total amount previously approved for this property was \$563,750 including acquisition, relocation, demolition, and title/escrow fees. The estimated amount for all costs is now \$584,750. The owner of 460 W. Pacific Coast Highway has agreed to sell for \$775,000 including acquisition, relocation and loss of goodwill. The amount previously approved for this property was \$744,000 including

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acquisition and related costs. The estimated amount for all costs is now \$804,000. Together, the two properties will cost approximately \$81,000 more than the original budget. However, the three properties that have already been acquired came in at less than the budget approved in August 2008, as shown in the table below.

| Address            | Budget<br>(August 2008) | Current<br>Estimate    | Variance     |
|--------------------|-------------------------|------------------------|--------------|
| 1746 Magnolia Ave. | \$495,250               | \$251,957 <sup>a</sup> | \$ (243,293) |
| 1752 Magnolia Ave. | \$487,750               | \$313,650 <sup>a</sup> | (174,100)    |
| 1760 Magnolia Ave. | \$566,750               | \$419,497 <sup>a</sup> | (147,253)    |
| 1770 Magnolia Ave. | \$563,750               | \$584,750 <sup>b</sup> | 21,000       |
| 460 W. PCH         | \$744,000               | \$804,000 <sup>b</sup> | 60,000       |
| Total              | \$2,857,500             | \$2,373,854            | \$ (483,646) |

<sup>a</sup> Includes total cost incurred for acquisition and estimated demolition costs

<sup>b</sup> Current total estimated costs for acquisition and demolition

The total acquisition and site assembly cost for all five properties is now estimated at \$2,373,854, which is \$483,646 less than originally approved and budgeted. A chart detailing the revised costs for the last two properties is also attached for your information.

Attachments:

A – LBHDC Staff Report

B – Revised Acquisition Budget

ET:PU:MM

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