



CITY OF LONG BEACH

R-21

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 West Ocean Boulevard 3rd Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

June 21, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP EP16-121 for the purchase and development opportunity at 4800 Long Beach Boulevard, Assessor Parcel Numbers 7133-010-900, -901, -902, -903, -904 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize the City Manager, or designee, to execute any and all necessary documents including a Purchase and Sale Agreement (PSA) with City Ventures, LLC, a Delaware limited liability company, or affiliate (Buyer/Developer), for the sale of the Subject Property in the amount of \$1,250,000; and,

Accept Categorical Exemption CE 16-137. (District 8)

DISCUSSION

The City of Long Beach (City) currently owns the Subject Property located at 4800 Long Beach Boulevard prominently located along the easterly side of Long Beach Boulevard between 49th Street and Arbor Street (Exhibit A). The Subject Property is approximately 48,127 square feet and is currently unimproved. Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development," allowing for the disposition of the Subject Property through a Request for Proposals (RFP) process for development consistent with the vision and intent of the North Long Beach Redevelopment Project Area and its guiding documents. As further required in the LRPMP, the Subject Property has been conveyed to the City and is now a City-owned asset.

The RFP was advertised in the Long Beach Press-Telegram on March 14, 2016, and 7,128 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 85 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid

Opportunities, which is sent to 22 local, minority and women-owned business groups. Three proposals were received on April 22, 2016. Of those three proposals, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs) or Small Business Enterprises (SBEs) and one was a Long Beach business (Local).

Local Business Outreach

In an effort to align with our outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the RFP specifications. Through outreach, 751 Long Beach vendors were notified to submit proposals, of which 12 downloaded and one submitted a proposal. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A panel consisting of representatives from the Departments of Development Services and Economic and Property Development and an outside real estate economics consultant, reviewed the three submittals. The panel unanimously selected the proposal submitted by Buyer/Developer and is recommending that City Council select the Buyer/Developer as the City's preferred proposer and authorize execution of a PSA for sale and development of the Subject Property. The project proposed by the Buyer/Developer provides a for-sale, moderately dense, urban townhome project with clustered massing toward the corner of 49th Street and Long Beach Boulevard (Project). The Project consists of 27 townhomes with each having their own two-car garage. The Project design integrates well in relation to surrounding single family homes, offers a well-balanced land use transition and complements the surrounding single-family neighborhood. A project rendering is attached as Exhibit B.

The Buyer/Developer is a privately-held, well-capitalized, mixed-use urban infill developer/builder and real estate investment and development company established in 2009 and based in Irvine, CA. The Buyer/Developer and their team members have extensive experience in development, redevelopment, and construction in coastal urban infill areas throughout California. The Purchase Price proposed for the property is \$1.25 million, or \$26 per square foot. This is not the highest price offered for the property; however, the proposal presented by the Buyer/Developer provides the best value for the City. The Project proposed utilized more reliable sources of funds in addition to offering a land use density more appropriate to the North Long Beach area.

The Buyer/Developer estimates total development costs of \$10.2 million and the creation of an estimated 74 temporary jobs. Additionally, there is expected to be positive indirect impacts to local business as a result of the increased residential density. The Buyer/Developer is currently also pursuing building permits for a project at Broadway and Elm Avenue.

The Buyer/Developer shall provide an Initial Deposit of \$25,000 at opening of escrow. The Initial Deposit will be used by the City to pay for its outside attorney and third-party consultant reasonable fees, if any, and such other costs as City and Buyer/Developer agree will be paid from the Initial Deposit. If the PSA is terminated, any remaining amounts of the Initial Deposit shall be returned to Buyer/Developer. At the close of escrow, any remaining amounts of the Initial Deposit shall be applied to the Purchase Price.

Other general terms and conditions are as follows:

- Seller: City of Long Beach, a municipal corporation.
- Buyer/Developer: City Ventures, LLC, a Delaware limited liability company.
- Purchase Price: \$1,250,000.
- Initial Deposit: \$25,000 due at opening of escrow, which will be used to fund outside attorney and consultant costs, if any, during the Entitlement Period.
- Due Diligence Period: 90 days (3 months) from opening of escrow. Buyer/Developer will accept the property in an as-is condition and release the City from all liability.
- Entitlement Period: 365 days (12 months) from opening of escrow to complete the entitlement process, including Site Plan Review, and CEQA Analysis.
- Close of Escrow/Start Date: 30 days after completion of Entitlements, but no later than 18 months from opening of escrow.

The Buyer/Developer anticipates 15 months to complete Project construction. With this schedule, anticipated occupancy would occur in Summer 2018. The timelines provided above are anticipated timelines and extensions may be required.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, in accordance with past practice, a memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-137 (Exhibit C), was completed related to the proposed transaction on May 25, 2016.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 26, 2016 and by Revenue Management Officer Julissa Jose-Murray on June 3, 2016.

TIMING CONSIDERATIONS

City Council consideration of this Project is requested on June 21, 2016, to ensure that development on the Subject Property can occur in a timely manner.

HONORABLE MAYOR AND CITY COUNCIL

June 21, 2016

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FISCAL IMPACT

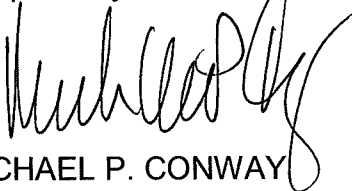
The costs associated with the City's outside attorney and consultant fees, if any, through termination of the PSA or the close of escrow, whichever first occurs, will be reimbursed from the Initial Deposit.

Sale proceeds of \$1,250,000, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. The net proceeds available for remittance is estimated to be \$1,050,000. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds. Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former North Long Beach Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

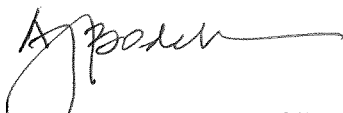
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC AND PROPERTY DEVELOPMENT



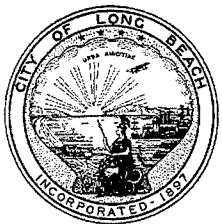
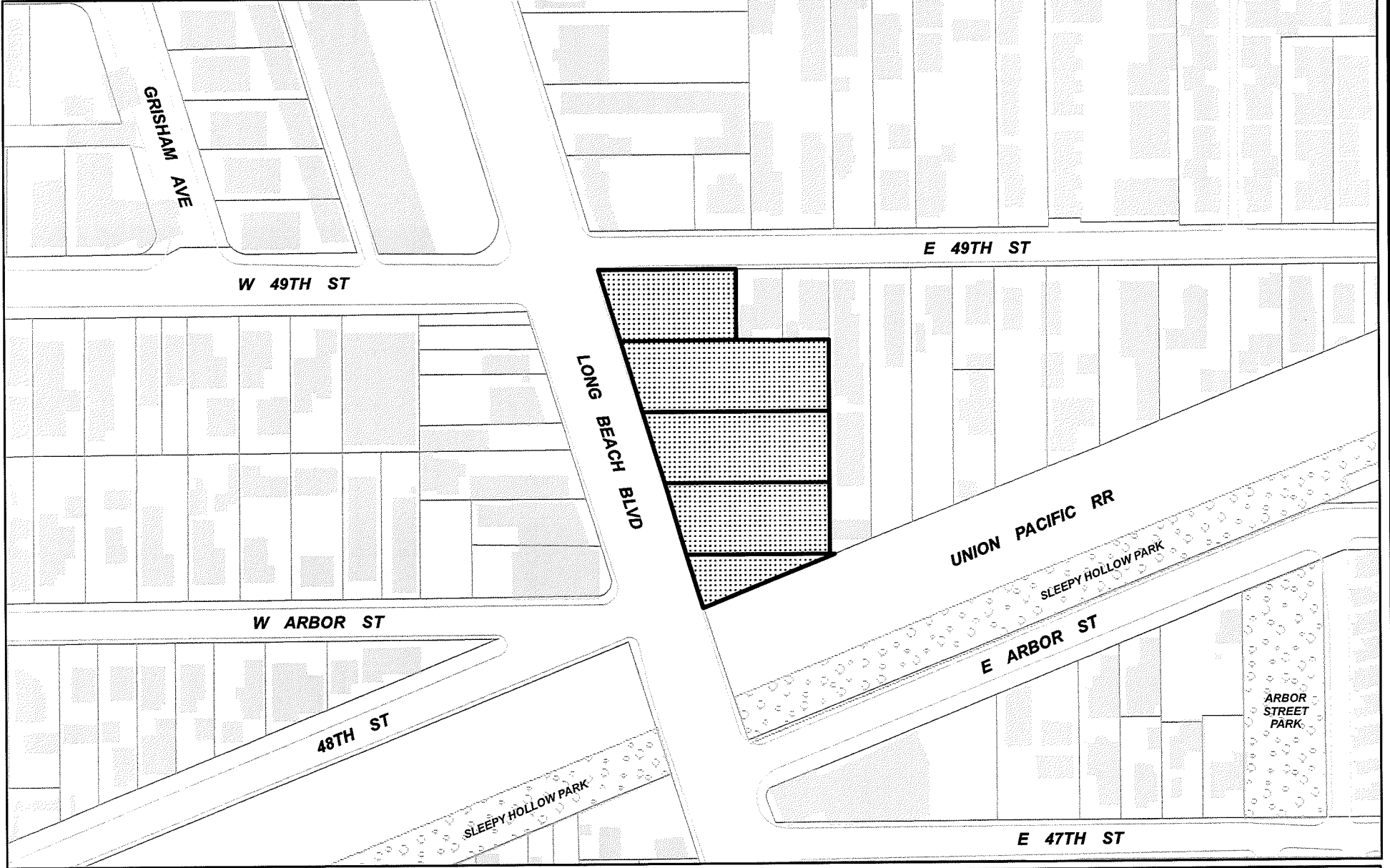
AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

MPC:AJB:MFT

Attachments: Exhibit A – Subject Property Map
Exhibit B – Project Rendering
Exhibit C – Categorical Exemption CE 16-137

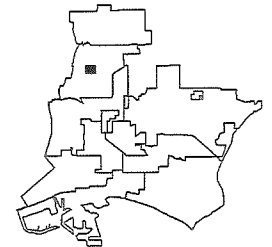
APPROVED:


PATRICK H. WEST
CITY MANAGER



Subject Property:
 4800 Long Beach Blvd
 AIN: 7133-010-900 through 904
 Council District : 8

Exhibit A



Conceptual Elevation #1



Conceptual Elevation #2



EXHIBIT B

4800 Long Beach Boulevard

7.3.3 – CONCEPTUAL ELEVATIONS



City Ventures



EXHIBIT C
NOTICE of EXEMPTION from CEQA

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbs.longbeach.gov

TO: Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy., Room 1201
Norwalk, CA 90650

Project Title: CE-16-137

Project Location/Address: 4800 Long Beach Boulevard, (Assessor Parcel Numbers 7133-010-900, -901, -902, -903, -904)

Project Activity/Description: Transfer of ownership of approximately 48,127 square feet of surplus property owned by the City of Long Beach, located at 4800 Long Beach Boulevard (Assessor Parcel Numbers 7133-010-900, -901, -902, -903, -904)

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: City of Long Beach

Mailing Address: 333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802

Phone Number: 562-570-6846

Applicant Signature: *Mary Frances*

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: _____ Planner's Initials: _____

Required Permits: _____

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15312, Class 12, Surplus Government Property Sales

Statement of support for this finding: This ownership transfer meets the requirements to qualify for a Class 12 exemption

Contact Person: *Craig Chalfant*

Contact Phone: 562-570-6368

Signature: *[Signature]*

Date: 5/25/16