



# Building A Better Long Beach

## Item 6

May 5, 2008

### REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach  
California

### RECOMMENDATION:

Approve and authorize the Executive Director to withhold the consent requested by ASN City Place, LLC to file a condominium map on five apartment buildings in CityPlace. (Downtown – District 1)

### DISCUSSION

#### Background

The five for-rent apartment buildings on the CityPlace parcels west of Long Beach Boulevard are owned by ASN City Place, LLC (“Archstone”). The CityPlace project is subject to an Agreement Containing Covenants Affecting Real Property, which provides at Section 2.b., that: “The Property shall be held as one parcel and shall not be subdivided for the duration of the Redevelopment Plan without the prior written approval of Agency, which approval shall not be unreasonably withheld.”

Archstone sent a letter, dated March 10, 2008, to the Executive Director requesting that the Redevelopment Agency (Agency) consent to the filing of a condominium map on each of the five apartment buildings. In addition to obtaining the Agency’s consent, and in order to convert the apartment buildings to condominiums, Archstone needs to: (1) Comply with the City’s procedures to prepare a condominium tract map, (2) Obtain the Planning Commission’s approval of the condominium tract map, and (3) Obtain the City Council’s approval of an amendment (as yet not drafted) to the Grant of Easements and Covenants Agreement (Parking Agreement), the agreement that grants residents of the five apartment buildings the right to park in the CityPlace parking structures.

Agency staff’s recommendation that the Board withhold consent is based primarily upon respect for the original design and composition of CityPlace, and an unwillingness to recommend to the City Council that the Parking Agreement be amended as requested by Archstone.

### Original Composition of CityPlace

CityPlace (west of Long Beach Boulevard) consists of three components: the City's parking structures, the retail portion, and the residential portion. All five residential buildings are constructed above retail. It was important to the original design of CityPlace that the color, materials, window treatments and other basic design elements of the residential structures mesh well with not only their retail foundations, but also the surrounding retail development. As long as a residential building is under one ownership, this compatibility is much likelier to be maintained than if that residential building is subject to management by an association of homeowners.

### Amending the Parking Agreement

Archstone has taken the position that the Parking Agreement must be amended to terminate the City's right to elect, after the 2066 calendar year, to purchase the apartment buildings rather than continue to provide parking for the apartment buildings until the 2096 calendar year.

The City also provides parking for the retail uses in CityPlace; this obligation terminates in 2066. At that time, at the election of the owner(s) of the apartment buildings, the City must continue to provide parking for the residents of the apartment buildings until 2096 unless the City purchases the apartment buildings. If the City does not elect to purchase the apartment buildings, it may continue to provide parking in the CityPlace parking structures, or the City may elect to reconfigure the residential parking provided that: (1) The number of parking spaces per square foot of residential space remains the same, (2) The replacement parking abuts the residential building being served, (3) The replacement parking is reasonably convenient for the residents, and (4) The replacement parking is economically prudent as determined by the City.

A summary of the amendments required or requested to be made to the Parking Agreement are attached to this letter as Exhibit A.

In order to withhold consent to Archstone's request, the Board must have reasons to do so; by the terms of the Agreement Containing Covenants, the Agency may not unreasonably withhold consent.

### Reasons to Withhold Consent

- CityPlace (west of Long Beach Boulevard) was designed to integrate three separate components: the City's parking structures, the retail, and the residential buildings. All five residential buildings are built above ground-floor retail. In order for these components to operate as an integrated whole, each residential building must be under one ownership.

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- A residential building under one ownership will be better maintained and more readily upgraded than a condominium. CityPlace is at the heart of downtown Long Beach; it is important that the residential component be well maintained.
- CityPlace was designed for rental apartments. None of the project documents contemplate condominium projects on the main CityPlace site (as opposed to the portion of CityPlace east of Long Beach Boulevard, on which two condominium buildings have been developed).
- If the apartment buildings are converted to condominiums, and if the City retains the ability to purchase the buildings in 2066 rather than continue to provide parking for another 30 years, it will be substantially more expensive, burdensome and time consuming to purchase the 221 condominium units from the separate owners than five apartment buildings from not more than five owners.
- If the City amends the Parking Agreement to terminate its right to purchase the apartment buildings in 2066, the City is also relinquishing its flexibility to change the land use of the area occupied by the City parking structures and the apartment buildings. The City will not be able to condemn the apartment buildings to use the land for a non-public use, and it is unlikely that the area will still be subject to a redevelopment plan.
- Terminating the City's right to purchase the buildings in 2066 effectively restricts City property to private uses for 90 years.

SUGGESTED ACTION

Approve recommendation.

Respectfully submitted,



CRAIG BECK  
EXECUTIVE DIRECTOR

CB:DSW:MBA:ma

Attachment: Exhibit A

## Exhibit A

### SCHEDULE 1

#### PROPOSED/POSSIBLE AMENDMENTS TO THE GRANT OF EASEMENTS AND COVENANTS AGREEMENT

If Agency consents to the conversion of the Archstone apartments to condominiums, the following provisions may or will be amended:

##### Article 19, Definitions

“Purchaser” will exclude purchasers of a condominium unit.

“Residential Owner” will refer to each of the homeowner’s associations, not the unit owners.

##### Article 1, Grant of Easements for Residential Parcels

The “Residential Parking Easement Areas” should be defined for each of the condominium apartment buildings; the number of spaces allotted to each and in which parking structure. Per Exhibit D, Residential Easements Map, the current allocation is:

Parcel 8A – 126 spaces in Parking Structure A  
Parcel 9A – 62 spaces in Parking Structure B  
Parcel 12A – 84 spaces in Parking Structure B  
Parcel 15A – 54 spaces in Parking Structure C  
Parcel 19A – 47 spaces in Parking Structure C

The Prospective Tenant Spaces will become Prospective Buyer Spaces.

##### Article 3, Assignment of Easements

The easements are appurtenant to each building, not each Owner’s interest in the Parcels.

Once the conversion is completed, there probably will not be a need for this Article, as the rights cannot be assigned by an HOA to anyone. City cannot be required to consent to the assignment of parking rights every time an individual unit is sold.

##### Article 4, Fees for the Use of the Parking Easements

Each HOA will only be responsible to pay for the parking spaces allocated to that building. The Residential Monthly Parking Fee should be stated at its current value.

The amendment should clarify that failure of an HOA to pay the Residential Monthly Parking Fee may result in non-issuance of monthly parking passes for the entire building. The HOA shall hold City harmless from claims by unit owners for damages due to suspension of residents' right to park for non-payment of the Residential Monthly Parking Fee.

City will need to consider whether to provide the HOAs with two-hour validations for prospective buyers.

#### Article 5, Failure to Pay the Monthly or Daily Parking Fee

Mortgagee rights are no longer necessary; the City will not have lien rights against the individual condominium units.

#### Article 6, Maintenance of the Passageways

If there are deficiencies in the Owner's performance under the Agreement, such as failure to maintain the walkways, then those deficiencies should be cured before agreeing to amend the Agreement.

#### Article 7, Lien for the Owner Obligations

A lien against the real property is probably not an appropriate remedy against the HOAs. City will have the right to place a lien against the HOAs' assets. City will need to consider if it needs remedies other than the ability to withhold parking permits for non-payment.

#### Article 8, Operation of the Parking Structures

City will review this Article to see if there are any changes that should be made.

#### Article 16, Option of Residential Owner to Extend Term

At Section 16.3, City has the right to purchase a residential building rather than continue to provide parking for that building for an additional 30 years. City will consider retaining this option; however if the buildings are condominiums rather than for-rent apartments, it becomes more expensive for City to purchase the buildings when they are condominiums.

If City elects to terminate its right to purchase the residential buildings after 2066, it may consider negotiating with Archstone for the following amendments:

1. Terminate City's obligation to provide parking for the residential buildings in 2066 or some later date; or
2. After 2066 (or some earlier date), parking to be provided per the then-City code, but not more than the existing ratios; or
3. After 2066 (or some earlier date), replacement parking does not have to abut the building being served; or
4. After 2066 (or some earlier date), replacement parking may be provided in a predetermined area (e.g., within a 2 block radius).

#### Article 20, Miscellaneous

Section 20.2, Amendment of Agreement, will need to be changed. For certain amendments City may want to require the consent of all 5 HOAs or, for an amendment that affects only one parking structure, the consent of the HOAs using that structure.

#### Exhibit D, Residential Easements Map

This should be reviewed and updated as necessary.

#### Exhibit G, Initial Hours of Operation

This should be reviewed and updated as necessary.