



# LONG BEACH REDEVELOPMENT AGENCY

333 WEST OCEAN BOULEVARD, THIRD FLOOR • LONG BEACH, CA 90802 • (562) 570-6615 • FAX (562) 570-6215

May 7, 2007

## REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach  
California

## RECOMMENDATION:

Recommendation to approve and authorize the Executive Director to execute the First Amendment to the Disposition and Development Agreement with Lyon Promenade LLC for The Promenade project. (Downtown – District 2)

## DISCUSSION

On June 26, 2006, the Redevelopment Agency (Agency) approved a Disposition and Development Agreement (DDA) with Lyon Promenade LLC (Developer) for the redevelopment of land on the east side of The Promenade between 3rd Street and Broadway (Exhibit A – Site Map).

According to the terms of the DDA, the Developer will pay \$2,912,200 for the 28,600-square-foot parcel at the southeast corner of The Promenade and Third Street, and for the 29,076-square-foot parcel on Long Beach Boulevard between Third Street and Broadway. Of this total, \$234,132 will be paid in cash and earmarked for public art in The Promenade. The balance of this purchase price (\$2,678,068) was to have been paid with in-kind improvements to public facilities, specifically the construction of 159 public parking spaces.

The Developer's cost to create the public parking spaces has increased significantly and is now estimated to be \$5,565,000. With this increase, it is no longer economically feasible for either the Developer to build or the Agency to purchase the public parking spaces. Accordingly, the terms of the DDA have been renegotiated as outlined below.

The Developer will now pay \$2,912,200, which is the fair market value for the land. The Developer will still build 159 parking spaces above code-required parking, but will now own and operate the entire parking structure as part of a private project.

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This Amendment will remove the public easement requirement for the 159 spaces and remove the requirement that they be part of the Pine Square Parking Validation Program.

In exchange for the Developer privately creating additional parking inventory, the Developer requests that the 10-year covenant to maintain the project as rental apartments be removed.

This Amendment will remove the restriction that the property be held as one parcel for ten years. The language related to prevailing wages has been revised, an Indemnification Agreement has been added, and the Schedule of Performance has been amended to account for the delays in the project as the Agency and Developer continued to negotiate a successful solution to these hurdles. With Agency approval, the Developer is ready to begin construction of the project within 30 days.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST  
EXECUTIVE DIRECTOR

PHW:CAB:BEC

Attachment: Exhibit A – Site Map

APPROVED:

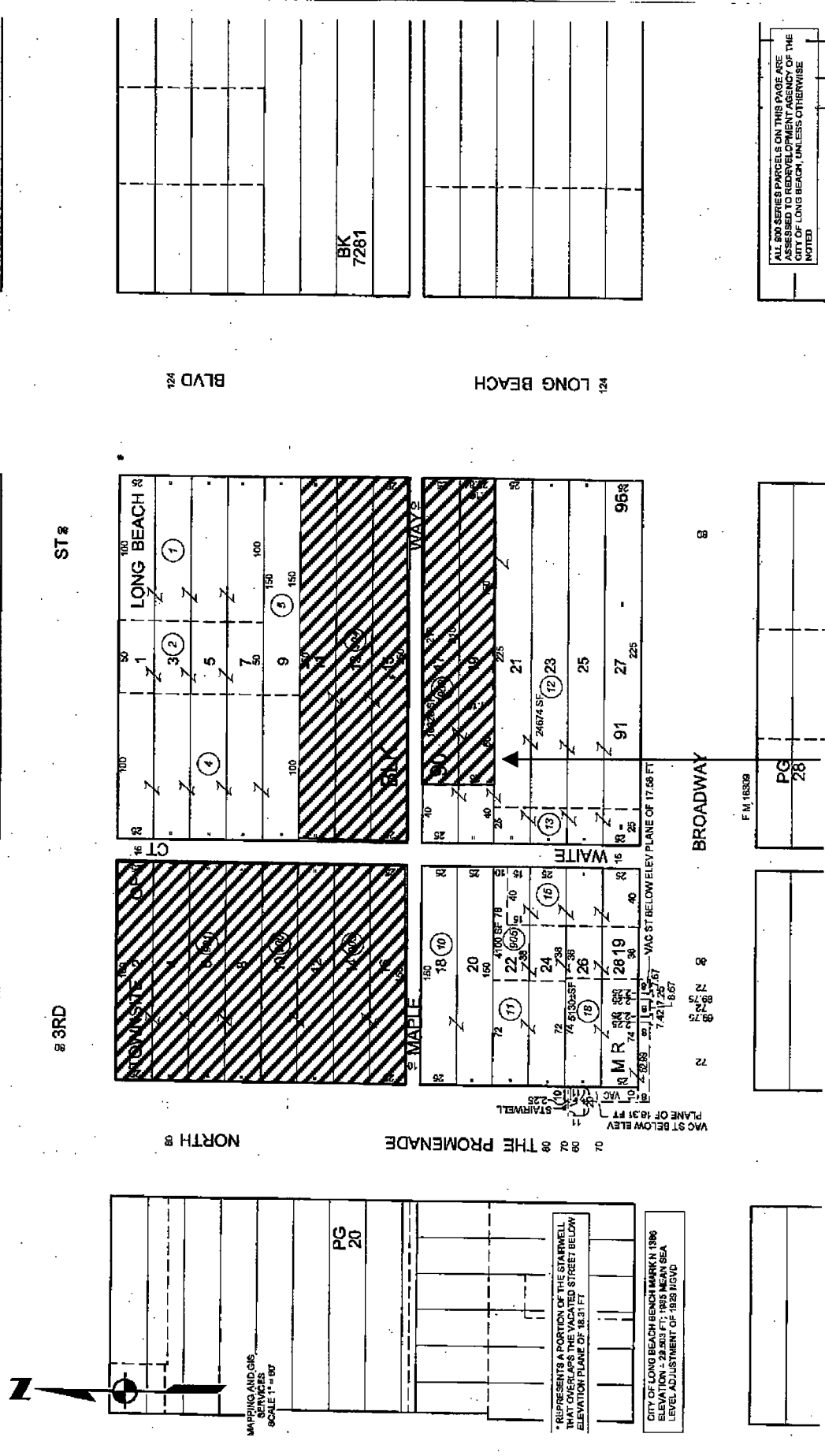
  
GERALD R. MILLER  
CITY MANAGER

EXHIBIT A

County of Los Angeles: Rick Auerbach, Assessor

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