



# CITY OF LONG BEACH

DEPARTMENT OF PUBLIC WORKS

333 West Ocean Boulevard 9<sup>th</sup> Floor • Long Beach, CA 90802 • (562) 570-6383 • Fax (562) 570-6012

December 4, 2012

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Receive the supporting documentation into the record, conclude the Public Hearing and adopt a Resolution making certain findings;

Declare the Successor Agency-owned parcels located at 101 East Pacific Coast Highway and 1814 Pine Avenue as surplus; and

Approve and authorize the City Manager to execute any and all documents necessary, including the Purchase and Sale Agreement (PSA) and Escrow Instructions with Pine PCH, LLC (Buyer), for the sale of 101 East Pacific Coast Highway and 1814 Pine Avenue. (District 6)

## DISCUSSION

The Successor Agency to the Redevelopment Agency of the City of Long Beach currently owns two contiguous parcels (Subject Property) located at 101 East Pacific Coast Highway and 1814 Pine Avenue (Exhibit A – Site Map). The Subject Property totals approximately 17,188 square feet of land area and contains no buildings or other site improvements.

The Buyer has expressed an interest in acquiring the Subject Property for development of a commercial building and appurtenant parking to provide neighborhood-serving retail businesses. The Buyer and the former Redevelopment Agency previously entered into an Exclusive Negotiation Agreement for the development contemplated in this transaction, but were unable to conclude negotiations prior to the dissolution of the Redevelopment Agency. The Buyer proposes to acquire the Subject Property for the purchase price of \$393,500, which is fair market value as determined by an independent appraisal. As a condition of the sale, a restrictive covenant would be recorded requiring the Buyer to use the Subject Property for certain specified commercial retail uses and to maintain it at all times. The PSA is subject to approval from the Oversight Board and the State Department of Finance before it is effective.

The major terms and conditions of the proposed sale are as follows:

- Subject Property: The Subject Property is located at 101 East Pacific Coast Highway and 1814 Pine Avenue and comprises approximately 17,188 square feet.
- Seller: City of Long Beach, as Successor Agency to the Redevelopment Agency of the City of Long Beach.
- Buyer: Pine PCH, LLC, a California limited liability company.
- Purchase Price: \$393,500.
- Deposit: In connection with the opening of escrow, Buyer will provide a conditionally refundable deposit of \$25,000.
- Use: The Buyer is acquiring the property to develop a commercial building and appurtenant parking to provide neighborhood-serving retail businesses.
- Due Diligence: Buyer shall have sixty (60) days from the date of the executed PSA to review title, conduct surveys, studies and inspections and review other applicable due diligence materials relating to the property.
- Escrow Closing: Buyer shall close escrow no later than 365 days from date of opening.

The City of Long Beach as Successor Agency to the Redevelopment Agency of the City of Long Beach was asked to recommend approval of this transaction at its December 4, 2012 meeting. In compliance with Government Code 54220 (Chapter 621, Statutes of 1968), on November 2, 2012, staff notified the State that the Successor Agency was declaring its property located at 101 East Pacific Coast Highway and 1814 Pine Avenue 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 these parcels surplus. To date, neither the State nor any City departments have expressed an interest or objection. In accordance with the California Environmental Quality Act (CEQA), a Categorical Exemption (CE-34-12) was completed related to the proposed transaction on November 5, 2012.

A Summary Report has been prepared pursuant to Section 33433 of the California Health and Safety Code, and made available for public inspection (Exhibit B-Summary Report). Public hearing notification was conducted in accordance with Section 6066 of the State of California Government Code. In addition to achieving the blight elimination, the proposed sale of the Subject Property will restore an underutilized property to productive use, place it back on the tax rolls and spur economic development through new temporary and permanent jobs, all of which are a benefit to the City and other taxing agencies.

This matter was reviewed by Deputy City Attorney Richard Anthony on November 12, 2012 and by Budget Management Officer Victoria Bell on November 15, 2012.

TIMING CONSIDERATIONS

City Council action is requested on December 4, 2012, in order to execute the Purchase and Sale Agreement and Escrow Instructions and allow the sale and subsequent development of the Subject Property to move forward at the earliest possible time following Oversight Board approval. Execution of the agreement is subject to the review and approval of the State Department of Finance.

FISCAL IMPACT

The sale proceeds of \$393,500, less any closing and escrow fees, will be held in the Successor Agency Fund (SA 270) in the Department of Development Services. At this time, allocation of these funds has not been determined. New temporary construction jobs and permanent retail jobs will be generated from this transaction. There is no impact to the General Fund associated with this recommendation.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY  
DIRECTOR OF PUBLIC WORKS



AMY J. BODEK, AICP  
DIRECTOR OF DEVELOPMENT SERVICES

MPC:AJB:RMZ:MFT  
12.04.12 Pine/PCH v4

Attachments: Exhibit A - Site Map  
Exhibit B - Summary Report  
Resolution

APPROVED:



PATRICK H. WEST  
CITY MANAGER

# EXHIBIT A SITE MAP

## SUBJECT PROPERTY

Northeast Corner of Pacific Coast Highway and Pine Avenue  
101 East Pacific Coast Highway/1814 Pine Avenue



SUMMARY REPORT PURSUANT TO  
SECTION 33433  
OF THE  
CALIFORNIA HEALTH AND SAFETY CODE  
ON A  
PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS  
BETWEEN THE  
CITY OF LONG BEACH, AS THE SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA  
AND  
PINE PCH, LLC

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Purchase and Sale Agreement and Escrow Instructions (Agreement) between the City of Long Beach, as the Successor Agency of the Redevelopment Agency of the City of Long Beach, California (Successor Agency) and Pine PCH, LLC (Buyer). The purpose of the Agreement is to effectuate the Redevelopment Plan for the Central Long Beach Redevelopment Project Area (Project Area).

The Agreement requires the Successor Agency to convey to the Buyer, a 17,188 square foot parcel located at 101 East Pacific Coast Highway/1814 Pine Avenue (Site). The Site is currently vacant and the Buyer proposes to construct a commercial building and appurtenant parking spaces to provide neighborhood serving retail businesses (Project).

The following Summary Report is based upon information contained with the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Buyer and the Successor Agency by the Agreement.
- II. **Cost of the Agreement to the Successor Agency:** This section details the total cost to the Successor Agency associated with implementing the Agreement.
- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted

under the Site's existing zoning and the requirements imposed by the Redevelopment Plan for the Project Area (Redevelopment Plan).

- IV. Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Successor Agency, and explains any difference between the compensation to be received and the established value of the Site.
- VI. Blight Elimination:** This section describes the existing blighting conditions on the Site, and explains how the Agreements will assist in alleviating the blighting influence.
- VII. Conformance with AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Successor Agency's adopted AB1290 Implementation Plan.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

## **I. SALIENT POINTS OF THE AGREEMENT**

### **A. Project Description**

The scope of development required by the Agreement includes the development of a commercial building and appurtenant parking spaces to provide neighborhood serving retail businesses.

### **B. Buyer Responsibilities**

The Agreement requires the Buyer to accept the following responsibilities:

1. Upon the Agreement's execution, the Buyer must provide a \$25,000 conditionally refundable deposit to the Successor Agency.
2. The Buyer must pay the Successor Agency \$393,500 to purchase the Site (Purchase Price).
3. The Buyer must accept the Site in an "as is with all faults" condition. The Successor Agency will make no representations or warranties of any kind regarding the property's condition.

4. A Restrictive Covenant will be recorded requiring the Buyer to use the Subject Property for certain specified commercial retail uses and to maintain it at all times.

**C. Successor Agency Responsibilities**

The Agreement imposes the following responsibilities on the Successor Agency:

1. The Successor Agency must convey the Site to the Buyer.

**II. COSTS OF THE AGREEMENT TO THE SUCCESSOR AGENCY**

**A. Successor Agency Costs**

The Agency costs to implement the Agreement are estimated as follows:

101 E. Pacific Coast Highway/1814 Pine Avenue	
Site Acquisitions Costs	\$1,591,236
Environmental Report	5,800
Escrow and Title Fees	35,857
Legal/Appraisal/Consulting Fees	122,964
Estimates Staff Time & Overhead	13,921
Demolition & Remediation	158,025
Tenant Relocation	126,589
<b>Total Successor Agency Cost</b>	<b>\$2,054,392</b>

**B. Successor Agency Revenues**

The Successor Agency will receive the \$393,500 Purchase Price as compensation for conveyance of the Site.

**C. Net Successor Agency Cost**

The Successor Agency costs are estimated at \$2,054,392 and the Successor Agency revenues total \$393,500. The resulting net Successor Agency costs totals \$1,660,892.

**III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN**

Section 33433 requires the Successor Agency to identify the value of the Site at the highest use allowed by the current zoning and by the Redevelopment Plan. The valuation must be based on the assumption that the Site is vacant and that near-term



development is required; but the valuation does not take into consideration any extraordinary restrictions and/or benefits that will result from Successor Agency actions.

On May 16, 2012, an appraisal (Appraisal) was prepared for the Site. The Appraisal established commercial development as the highest and best use of the property, and set the total land value at \$393,500 or \$22.89 per square foot land area.

#### **IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED**

The Agreement does not impose any extraordinary restrictions on the Buyer. As such, the fair reuse value is the same as the value of the Site at the highest use permitted by the current zoning and by the Redevelopment Plan. Thus, the fair reuse value is estimated at \$393,500.

#### **V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE**

The Agreement requires the Buyer to purchase the Site for \$393,500. This purchase price is equal to the Site's fair market value at the highest use permitted by the current zoning and by the Redevelopment Plan, as well as the established fair reuse value. Therefore, it can be concluded that the Agency is receiving fair compensation for the interests being conveyed.

#### **VI. BLIGHT ELIMINATION**

The Site is deemed to be blighted in its current state. The implementation of the Agreement will result in the development of a commercial building and appurtenant parking spaces to allow for neighborhood serving retail business to be located on the Site. The proposed development will eliminate the existing blighting conditions. Thus, the implementation of the Agreement fulfills the blight elimination required imposed by Section 33433.

#### **VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN**

The Agreement will assist the Successor Agency in meeting the goals and objectives of its Implementation Plan in the following manner:

1. The development of the Site will serve Corridor and Neighborhood Revitalization efforts by putting a vacant property into use and provide new neighborhood serving commercial uses in the Project Area.
2. The Project will generate new private sector investment, and will increase the assessed value and property taxes generated by the Site.



OFFICE OF THE CITY ATTORNEY  
ROBERT E. SHANNON, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1 RESOLUTION NO.  
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH APPROVING THE PROPOSED  
5 PURCHASE AND SALE AGREEMENT BETWEEN THE CITY  
6 OF LONG BEACH, AS THE SUCCESSOR AGENCY TO THE  
7 REDEVELOPMENT AGENCY OF THE CITY OF LONG  
8 BEACH, AND PINE PCH LLC; FINDING THAT THE  
9 CONSIDERATION FOR THE SALE OF CERTAIN REAL  
10 PROPERTY IS NOT LESS THAN FAIR MARKET VALUE IN  
11 ACCORDANCE WITH COVENANTS AND CONDITIONS  
12 GOVERNING SUCH SALE; AND APPROVING THE SALE  
13 OF THE PROPERTY AND THE PURCHASE AND SALE  
14 AGREEMENT  
15

16 WHEREAS, the City proposes to sell certain real property (the "Property")  
17 pursuant to the terms and provisions of a Purchase and Sale Agreement and which  
18 Property is described in Exhibit "A" which is attached and incorporated by reference; and

19 WHEREAS, PINE PCH LLC (the "Developer") has submitted to the City a  
20 written offer in the form of a Purchase and Sale Agreement to purchase the Property for  
21 not less than fair market value for uses in accordance with the covenants and conditions  
22 of the Purchase and Sale Agreement; and

23 WHEREAS, the proposed Purchase and Sale Agreement contains all the  
24 provisions, terms and conditions and obligations required by Federal, State and local law;  
25 and

26 WHEREAS, Developer possesses the qualifications and financial resources  
27 necessary to acquire and insure development of the Property in accordance with the  
28 purposes and objectives of the Purchase and Sale Agreement; and

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333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1           WHEREAS, the City has prepared a summary setting forth the cost of the  
2 Purchase and Sale Agreement to the City, the estimated value of the interest to be  
3 conveyed, determined at the highest uses permitted under the Purchase and Sale  
4 Agreement and the purchase price and has made the summary available for public  
5 inspection in accordance with the California Redevelopment Law; and

6           WHEREAS, the City has determined that the development of the Property  
7 is categorically exempt under the California Environmental Quality Act; and

8           WHEREAS, pursuant to the provisions of the California Redevelopment  
9 Law, the City Council of the City of Long Beach held a public hearing on the proposed  
10 sale of the Property and the proposed Purchase and Sale Agreement after publication of  
11 notice as required by law; and

12           WHEREAS, the City Council has duly considered all terms and conditions  
13 of the proposed sale and believes that the disposition of the Property pursuant to the  
14 proposed Purchase and Sale Agreement is in the best interests of the City and the  
15 health, safety, morals and welfare of its residents and in accord with the public purposes  
16 and provisions of applicable Federal, State and local law;

17           NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
18 follows:

19           Section 1.    The City Council finds and determines that the consideration  
20 for sale of the Property pursuant to the Purchase and Sale Agreement is not less than fair  
21 market value in accordance with covenants and conditions governing the sale, and the  
22 Council further finds and determines that the consideration for the sale of the Property,  
23 determined at the highest and best use under the Purchase and Sale Agreement, is  
24 necessary to effectuate the purposes of the Community Redevelopment Law.

25           Section 2.    The sale of the Property by the City to Developer and the  
26 Purchase and Sale Agreement which establish the terms and conditions for the sale and  
27 development of the Property are approved.

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Section 3. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2012 by the following vote:

Ayes: Councilmembers: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_  
\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
City Clerk

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333 West Ocean Boulevard, 11th Floor  
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**EXHIBIT A**

(Legal Description of the Property)

The real property is located in the State of California, County of Los Angeles and is described as follows:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND DESCRIBED AS FOLLOWS:

LOT 51, 53 AND 55 OF BLOCK B OF CLAGUE TRACT, AS PER MAP RECORDED IN BOOK 6, PAGE 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7209-018-900 & 901 (1814 PINE AVENUE/101 E. PCH)