



# Former Long Beach Armory - 854 E. 7<sup>th</sup> Street

City Council Meeting – January 24, 2023



CITY OF  
**LONG BEACH**

# Former Long Beach Armory

## Background

- **Premises**: Former Long Beach Armory located at 854 East 7<sup>th</sup> Street.
- **Buyer/Developer**: Armory Arts Collective, LP.
- **Proposed Development**: 64-unit affordable housing project.
- **Purchase and Sale Agreement**: On 12/7/21, City Council authorized an agreement with the Buyer/Developer for fee purchase of the property.
- **Purchase Price**: \$5.15 Million, to be paid through a 55-year residual receipts loan.
- **Developer Request**: Buyer/Developer requested to add an Option to Lease to the PSA to make the project more competitive for tax credit financing. If optioned, the Purchase and Sale Agreement would convert to a long-term lease.



# Recommendation

## General Terms and Conditions:

- **Lessor**: City of Long Beach, a municipal corporation.
- **Lessee**: Armory Arts Collective, LP., a California limited partnership.
- **Term**: 57 years.
- **Base Rent**: \$1 per year.
- **Additional Rent**: Residual receipts payment based upon the appraised value of the Premises, which is \$5.15 million. Residual receipts is comprised of a pro-rata share of 50% of the cash flow from the Proposed Project after all deferred developer fees are paid.
- **Affordability**: 63 units will be restricted to lower-income households at or below 80% of Area Median Income (AMI). In compliance with the Surplus Land Exemption under Government Code Section 37364(c), 40% or 26 of the units will be restricted to lower-income households below 80% of AMI. Of those 26 units, half or 13 units will be restricted to very low-income households at or below 50% of AMI.
- **Encumbrances**: Fee interest shall not be encumbered but Lessee may encumber its leasehold interest.
- **Mortgage Protections**: The lease shall contain industry-standard leasehold mortgage protections.

# Recommendation

Amend the Purchase and Sale Agreement, dated March 10, 2022, with Armory Arts Collective, LP (Buyer/Developer), for the disposition of City of Long Beach-owned exempt surplus property located at 854 East 7th Street, commonly known as the former Long Beach Armory, to add an Option to Lease in lieu of a fee purchase.