



CAPITAL VENTURES • COMMUNITY DEVELOPMENT • PROPERTY MANAGEMENT

December 16, 2011

Mayor Bob Foster and Members of the Long  
Beach City Council  
333 West. Ocean Blvd., 14th Floor  
Long Beach, California 90802

Re: 2nd & PCH Project

Dear Mayor Foster and Members of the Council:

As you know, Lyon Communities and the City of Long Beach have a strong and successful history of working together to bring thoughtfully planned development to the City. Lyon is committed to continuing that collaboration and has recently acquired interests in several properties in the immediate vicinity of the proposed 2<sup>nd</sup> & PCH project (the "Project").

We have looked closely at the Project, its potential to limit future coordinated planning for both public and private properties within the Project area, and its unpersuasive argument that traffic conditions inevitably must be made worse. As a result, we are writing to state our objections to the Project's approval and **ask that you either (1) deny the Project or (2) continue the hearing on the Project for 6-12 months** so that a broader comprehensive planning effort can be initiated and given serious consideration as an alternative to the Project proposal. As noted below, other owners of property in the Project area join us in these objections and our request for a continuance.

Clearly, it is uncomfortable for landowners to openly express concerns over the development proposals of another landowner. However, the Project's environmental impacts have profound implications for its future retail, office, and residential neighbors. ***This is particularly true of the traffic impacts that the City Council is being asked to overlook through the adoption of an unsupportable Statement of Overriding Considerations.*** Specifically, we believe the following:

- The Project is virtually certain to be challenged in court due to its inadequate environmental analysis, thus delaying the consideration of more comprehensive planning proposals.
- The proposed LCP Amendment is not likely to be approved by the Coastal Commission because of its failure to plan comprehensively for the Project area, again causing delay.
- Even if the Project proves to be financeable and buildable, it will impose serious traffic impacts on residents, commuters, and businesses which will adversely impact economic activity.
- Approval of the Project will have a chilling effect on future planning in this area because it will create physical barriers to comprehensive traffic solutions which might be possible with a broader planning effort and a "larger canvas."

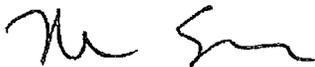
In contrast to the Project, our planners and traffic engineers envision comprehensive planning which will generate substantial reinvestment in this area, increase economic activity and revenues to the City, **AND** improve, rather than worsen, existing traffic conditions. We ask that you seriously consider the preparation of a specific plan for the area generally bounded by the Seal Beach border, 2<sup>nd</sup> Avenue, Shopkeeper, and Alamitos Bay, plus the "four corners" intersection at 2<sup>nd</sup> and

PCH and the publicly owned parcels along Marina Drive. This is precisely the type of project alternative that should have been evaluated in the Project's EIR, as it provides the opportunity to better mitigate not only those traffic impacts created by the Project, but also, to some degree, those that exist today. The results of such a planning effort would also include:

- Revitalization of the remainder of the properties, both public and private, in the Project vicinity;
- Significantly greater economic activity than produced by the Project;
- Opportunities for public/private partnerships which will benefit not just individual landowners, but the community and the City as well;
- A broader vision for a true "gateway" to the City, with a mix of uses oriented to Alamitos Bay and the ocean; and
- Improved public access to the coast with an increase in coastal-related and visitor-serving opportunities.

If our requested continuance is granted, we are ready to join with the City, the Project proponent, other area landowners, and business and environmental stakeholders to develop a plan that will be a win for the City, the environment, residents, landowners, businesses, and commuters. As we always have done, we offer our assistance to the City to facilitate the private portion of that effort. Toward that end, Lyon offers to advance the costs of the preparation of a Specific Plan for this broader planning area should the City Council agree to defer consideration of the Project.

Sincerely,

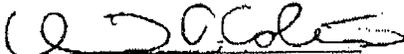


Frank T. Suryan, Jr.  
Chairman and Chief Executive Officer

We join Lyon Communities in its objections to the Project and the requested continuance.



Rod Astarabadi, President  
Pacific Castle



David A. Colton, President  
The Colton Company

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Tim Kuhn  
Watt Companies