





#### **Subject Property**

- Privately-owned property located at 210 East Ocean Boulevard.
- Northwest of the Long Beach Convention Center.
- The 14-story building is situated on a 1.15-acre parcel.









#### **Background**





- Opened in 1926 as a luxury oceanfront resort.
- Operated as a senior housing facility from 1990 until 2015.
- Property has experienced extensive deferred maintenance and dilapidation.
- Purchased by Breakers Development, LLC (Pacific 6) for \$40.4 million in 2017.



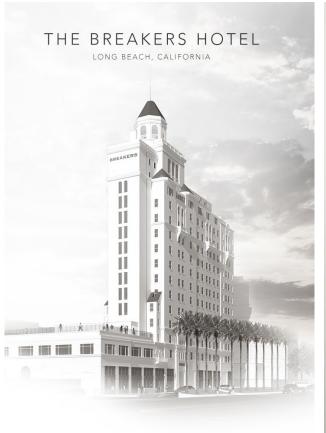




#### The Project

#### Development includes:

- Conversion of existing historic building into a luxury hotel and spa.
- 185 rooms averaging 400 s.f.
- Full-service hotel with spa, dining and entertainment.
  - Over 10,000 s.f. of meeting space/ballroom.
  - Over 12,000 s.f. dedicated to food and beverage.
    - New full-service restaurant/bar.
    - Remodel of historic "SKY Room".
    - New Signature rooftop bar and terrace.
    - Ground floor coffee shop and Jazz Club.
    - New beauty salon and spa.
    - New pool deck on the third floor.
    - Fitness center.
- Developer responsible for Victory Park improvements.
- Project is projected to create 500 temporary construction jobs and 240 permanent jobs.

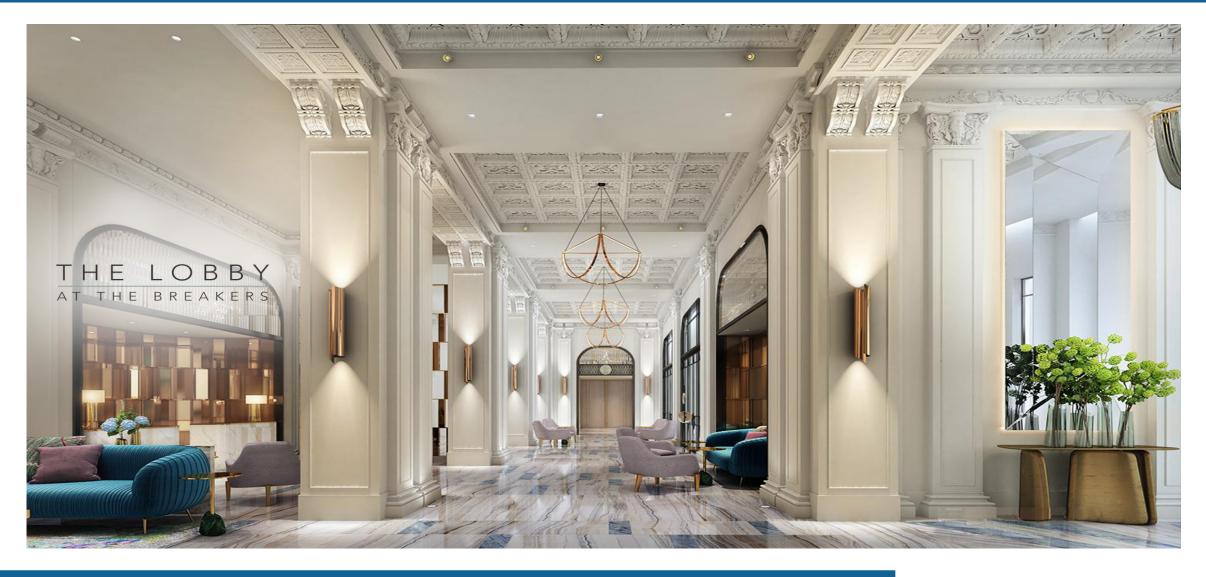






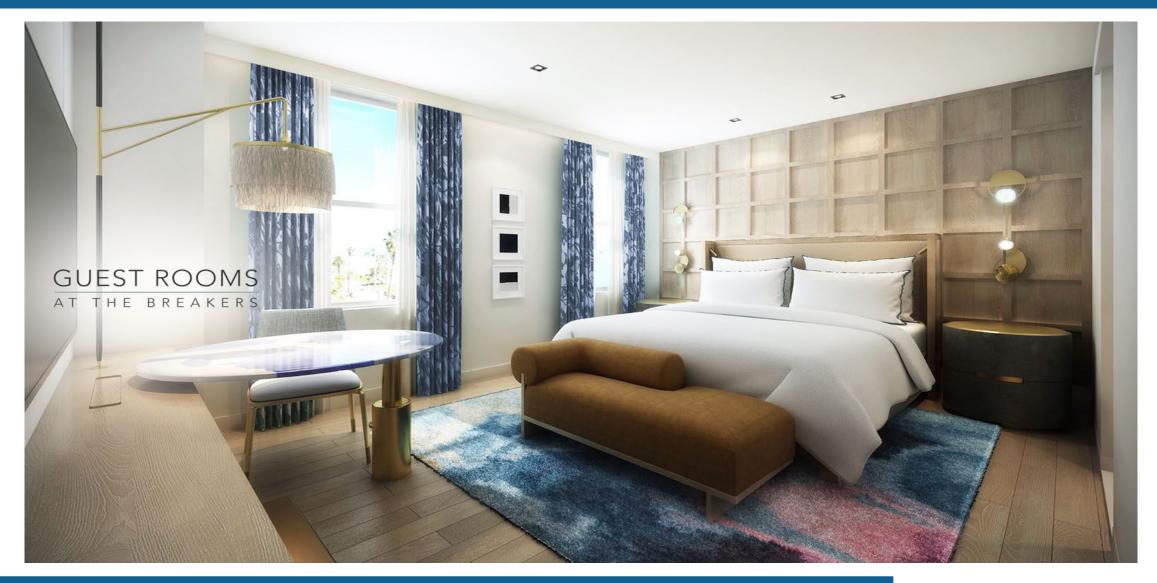






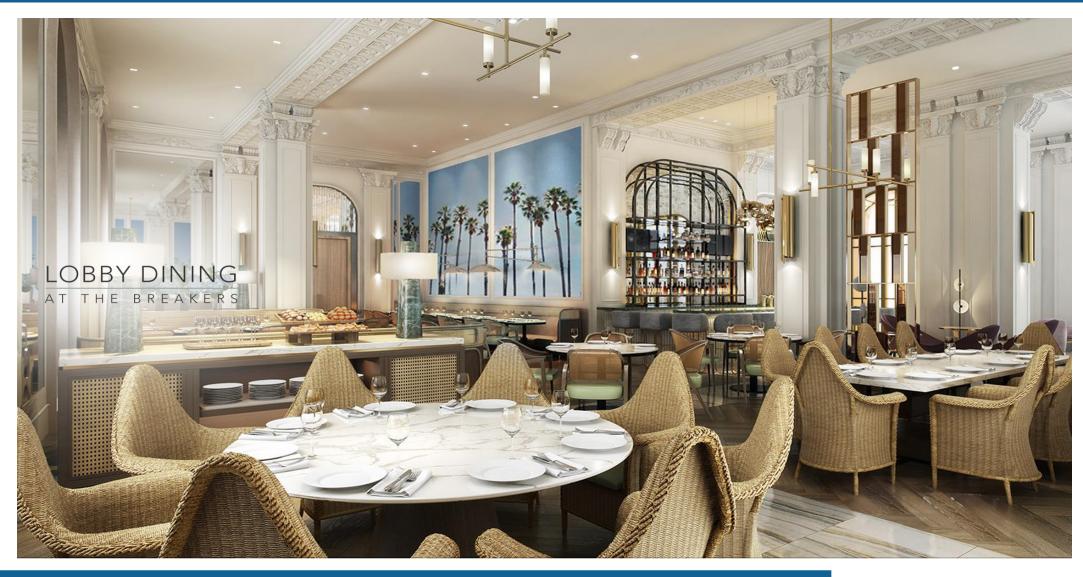












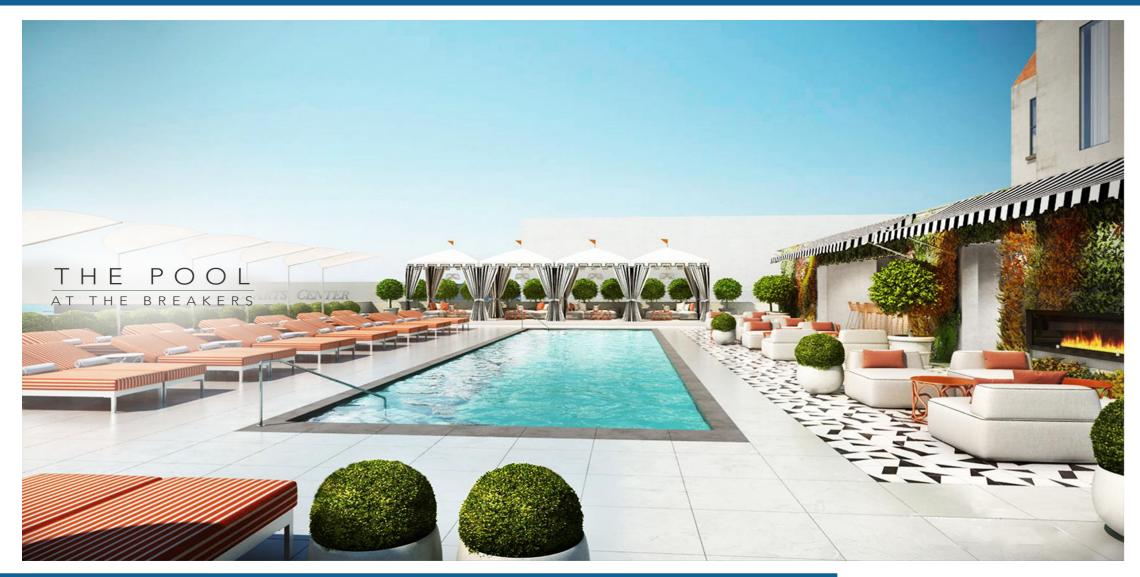
















### Renderings of the proposed hotel













#### **Request for City Assistance**

- Projected development cost of approximately \$135M, or \$729,000, per room.
- High costs of development due to adaptive re-use of historic building.
- City's consultant, Keyser Marston Associates, completed independent analysis of the construction costs and projected operating income.
- Projected economic feasibility gap of \$37.7M.
- Projected TOT to the City:
  - 20 Years \$42.6M.
  - 30 Years \$73.5M.
- TOT Sharing Agreement:
  - Developer will receive 80% of TOT received by the City, or approximately \$13M, over nine (9) year period (34% of the feasibility gap).
  - City will retain 20% of TOT during the 9 year assistance period.
  - Developer requirements:
    - Minimum Investment of \$70.7M for direct construction costs.
    - Minimum AAA-rated, Four Diamond Hotel or greater, for a period of 20 years.
    - Annually certifying a AAA-four Diamond rating.
    - Operating hotel flag equal to or greater than Preferred Hotels "flag".





#### Recommendations

#### Staff recommends that the City Council:

- Receive the supporting documentation into the record, conclude the public hearing regarding the economic subsidy in connection with a Transient Occupancy Tax Sharing Agreement, with Breakers Development, LLC, a California limited liability company, for the property at 210 East Ocean Boulevard, Assessor Parcel Number 7278-007-034, pursuant to California Government Code Section 53083; and
- Authorize the City Manager, or designee, to execute any and all documents necessary, including a Transient Occupancy Tax Sharing Agreement, with Breakers Development, LLC, a California limited liability company, or assignee, for the development of an upscale independent boutique hotel.









