



Legislation Details (With Text)

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Type: Resolution **Status:** Adopted

File created: 5/16/2007 **In control:** City Council

On agenda: 5/22/2007 **Final action:** 5/22/2007

Title: Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution making certain findings; and authorize City Manager to execute a First Amendment to the Disposition and Development Agreement with Lyon Promenade, LLC for The Promenade project. (District 2)

Sponsors: Community Development

Indexes:

Code sections:

Attachments: 1. 052207-H-2sr&att.pdf, 2. RES-07-0067.pdf

Date	Ver.	Action By	Action	Result
5/22/2007	1	City Council	approve recommendation and adopt	Pass

Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution making certain findings; and authorize City Manager to execute a First Amendment to the Disposition and Development Agreement with Lyon Promenade, LLC for The Promenade project. (District 2)

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 Third Street and Broadway (Exhibit A - Site Map).

According to the terms of the DDA, the Developer will pay the fair market value of \$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 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. This amendment will remove the public easement requirement for the 159 spaces and remove the requirement that they be part of the Agency's 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 continue to negotiate a successful solution to these hurdles. With City approval, the Developer is ready to begin construction of the project within 30 days.

Since the property was purchased by the Agency with tax increment monies, California Redevelopment Law requires that this sale also be approved by the City Council by resolution after a public hearing.

Pursuant to California Redevelopment Law, Section 33433 of the California Health and Safety Code, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit B - Section 33433 Summary Report) that contains the following:

- The estimated value of the interests to be conveyed, determined at the highest use permitted under the Redevelopment Plan;
- The estimated reuse value of the interests to be conveyed, determined at the use and with the conditions, covenants and development costs required by the Agreement;
- The purchase price;
- The cost of the Agreement to the Agency;
- The net cost/benefit to the Agency;
- An explanation of why the sale of the site will assist in the elimination of blight; and
- An explanation of why the sale of the site is consistent with the Agency's AS 1290 Implementation Plan.

The Redevelopment Agency approved this recommendation at its meeting of May 21, 2007. This letter was reviewed by Assistant City Attorney Heather A. Mahood on May 15, 2007, and Budget Management Officer David Wodynski on May 11, 2007.

City Council action is requested on May 22, 2007, in order to facilitate the sale transaction and begin construction as soon as possible.

Proceeds from the land sale will be deposited in the Redevelopment Fund (RD) in the Department of Community Development (CD). There is no fiscal impact to the General Fund.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE PROPOSED FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND LYON PROMENADE, LLC; FINDING THAT THE CONSIDERATION FOR THE SALE OF CERTAIN REAL PROPERTY IN THE DOWNTOWN LONG BEACH REDEVELOPMENT PROJECT IS NOT LESS THAN FAIR MARKET VALUE IN ACCORDANCE WITH COVENANTS AND CONDITIONS GOVERNING SUCH SALE; AND APPROVING THE SALE OF THE PROPERTY AND THE FIRST AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:

GERALD R. MILLER
CITY MANAGER