



Legislation Text

File #: 17-014SA, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all documents, including an Addendum to the Standard Offer, Agreement and Escrow Instructions, for Purchase of Real Estate with Jack Ravan and Bahram Javaheri and/or assignee(s), for the reduction in sale price of 1112-1130 Locust Avenue, Assessor Parcel Numbers 7273-007-900, -901 and -902 for a total amount of \$1,625,000.
(District 1)

On January 24, 2017, the City of Long Beach, as Successor Agency to the Redevelopment Agency of the City of Long Beach (Successor Agency), authorized the sale of property located at 1112-1130 Locust Avenue (Subject Property) (Exhibit A). The Subject Property totals approximately 22,200 square feet and is currently improved as a parking lot serving the adjacent area. Subsequent to Successor Agency approval, the Oversight Board approved the sale on January 25, 2017. The total sales price approved was \$1,775,000.

During the escrow process, and while the buyer was pursuing entitlements, it was determined that an alley dedication would be required for any project developed. Additionally, the Subject Property was subject to a fence easement in favor of the adjacent property, as well as a utility easement resulting in additional footage being unavailable for development. Due to these reductions and the corresponding costs of the reduced footprint, the Buyer requested a reduction in the sale price of \$150,000 for a revised total sales price of \$1,625,000. The price per developable square-foot remains at fair market value, as determined by an independent appraisal or broker opinion of value. The revised sale of the Subject Property remains consistent with the Revised Plan.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 28, 2017 and by Budget Management Officer Rhutu Amin Gharib on October 3, 2017.

Successor Agency action is requested on October 24, 2017, so the reduction in sale price of 1112-1130 Locust Avenue may be considered by the Oversight Board on November 6, 2017.

Sale proceeds of \$1,625,000, less escrow and closing fees, commission, and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller (County) for distribution to the affected taxing agencies. The net proceeds available for remittance is estimated to be \$1,365,000. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent, resulting in roughly \$286,650.

Consistent with City Council policy direction, 75 percent of the City's proceeds shall be

retained for non-recurring economic programs in the former Central Long Beach Redevelopment Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

PATRICK H. WEST
CITY MANAGER