



## Legislation Text

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**File #:** 16-0564, **Version:** 1

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Recommendation to adopt Specifications No. RFP CM15-159 for the purchase and development opportunity at Anaheim Street and Walnut Avenue (1205-1209 Walnut Avenue/1500-1546 East Anaheim Street), Assessor Parcel Numbers 7267-001-900, -901, -902, -903, -904, -905, -906 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize City Manager, or designee, to execute any and all necessary documents, including a Purchase and Sale Agreement with BRIDGE Housing Corporation and The Children's Clinic "Serving Children and their Families", both California corporations, for the sale of the Subject Property in the amount of \$2,500,000; and

Accept Categorical Exemption CE 16-138. (District 6)

The City of Long Beach (City) currently owns the Subject Property located at 1205-1209 Walnut Avenue/1500-1546 East Anaheim Street, prominently positioned at the southwest corner of the intersection of Anaheim Street and Walnut Avenue (Exhibit A). The Subject Property is approximately 67,200 square feet and is currently unimproved. Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development," allowing for the disposition of the Subject Property through a Request for Proposals (RFP) process for development consistent with the vision and intent of the Central Long Beach Redevelopment Project Area and its guiding documents. As further required in the LRPMP, the Subject Property has been conveyed to the City and is now a City-owned asset. A portion of the property was acquired through funds from the sale of tax-exempt bonds. A portion of these bonds may need to be redeemed upon conveyance of the property.

The RFP was advertised in the Long Beach Press-Telegram on July 8, 2015, and 6,431 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 103 downloaded the RFP documents via the City's electronic bid system. The RFP documents were also made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing) <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Three

proposals were received on October 30, 2015. Of those three proposals, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), or Small Business Enterprises (SBEs), and two were Long Beach businesses (Locals).

## Local Business Outreach

In an effort to align with our outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the RFP specifications. Through outreach, 685 Long Beach vendors were notified to submit proposals, of which 25 downloaded and two submitted proposals. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A panel consisting of representatives from the Departments of Development Services and Economic and Property Development and an outside real estate economic consultant, reviewed the three submittals. The panel unanimously selected the proposal submitted by the Buyer/Developer, and is recommending that the City Council select the Buyer/Developer as the City's preferred proposer and authorize execution of a PSA for sale and development of the Subject Property. The project proposed by the Buyer/Developer provides up to 92 residential apartment units affordable for seniors, a 3,142-square-foot restaurant/café, and an approximately 17,500-square-foot health care clinic for the neighborhood (Project). Additionally, the Project will incorporate a central courtyard and a landscaped roof terrace as well as space for local community-serving organizations, including the Pacific Asian Counseling Services (PAC) and Khmer Girls in Action. Additionally, staff will work with the Buyer/Developer to house a Small Business Development Center catering to the Cambodian community. The Project offers an integrated use of physical space, needed services in the area and critical contribution to the City's urban fabric. A project rendering is attached as Exhibit B.

The Buyer/Developer is a joint venture between BRIDGE Housing Corporation (BRIDGE) and The Children's Clinic "Serving Children and their Families" (TCC). BRIDGE will be the developer of record and will provide the development services to a single purpose Limited Partnership in which BRIDGE is a managing general partner and a TCC affiliate will be an owner. BRIDGE Property Management Company will provide residential property management and asset management. BRIDGE is based in San Francisco while TCC is based in Long Beach. The Buyer/Developer and their team members have extensive experience in development, redevelopment, operation and management of mixed use and community clinic projects throughout California. The Buyer/Developer estimates total development costs of \$46 million and anticipate creating an estimated 408 temporary jobs and 42 permanent jobs.

The Purchase Price proposed for the property is \$2,500,000, or \$37.20 per square foot. This price was not the highest price offered for the property; however, the proposal presented by the Buyer/Developer provides the best value for the City and the shortest development

timeline.

The Buyer/Developer shall provide an Initial Deposit of \$50,000 at opening of escrow. The Initial Deposit will be used by the City to pay for its outside attorney and third-party consultants' reasonable fees, if any, and such other costs as the City and the Buyer/Developer agree will be paid from the Initial Deposit. If the PSA is terminated, any remaining amounts of the Initial Deposit shall be returned to the Buyer/Developer. At the close of escrow, any remaining amounts of the Initial Deposit shall be applied to the Purchase Price.

Other general terms and conditions are as follows:

- Seller: City of Long Beach, a municipal corporation.
- Buyer/Developer: BRIDGE Housing Corporation and The Children's Clinic "Serving Children and their Families," both California corporations.
- Purchase Price: \$2,500,000.
- Initial Deposit \$50,000 due at opening of escrow, which will be used to fund outside attorney and consultant costs, if any, during the Entitlement Period.
- Due Diligence Period: 90 days (3 months) from opening of escrow. The Buyer/Developer will accept the property in an as-is condition and release the City from all liability.
- Entitlement Period: Up to 365 days (12 months) from opening of escrow to complete the entitlement process, including Site Plan Review, and CEQA analysis.
- Close of Escrow/Start Date: 30 days after completion of Entitlements, but no later than 18 months from opening of escrow.

The Buyer/Developer anticipates 18 months to complete Project construction. With this schedule, anticipated occupancy would occur in the Spring of 2019. The timelines provided above are anticipated timelines and extensions may be required.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, in accordance with past practice, a memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-138 (Exhibit C), was completed related to the proposed transaction on May 25, 2016.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 25, 2016 and by Revenue Management Officer Julissa Jose-Murray on May 26, 2016.

City Council consideration of this Project is requested on June 21, 2016, to ensure that development on the Subject Property can occur in a timely manner.

The costs associated with the City's outside attorney and consultant fees, if any, up to \$50,000, through termination of the PSA or the close of escrow, whichever first occurs, will be reimbursed from the Initial Deposit.

Sale proceeds of \$2,500,000, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. If required under the terms of tax-exempt bonds issued for the acquisition of a portion of the Subject Property, proceeds will first be used to redeem the bonds. If repayment of bonds is not required, the net proceeds available for remittance is estimated to be \$2,100,000. 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 of the net sale proceeds. 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 Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

Approve recommendation.

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APPROVED:

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