



## Legislation Text

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**File #:** 16-0758, **Version:** 1

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Recommendation to declare the City-owned property located at 550-572 East Vernon Street and 2515-2545 Atlantic Avenue, Assessor Parcel Numbers 7208-006-908, -912, -913, -914, -915, -916, -917, -919 and -920 (Subject Property) as surplus, authorize City Manager, or designee, to execute any and all documents necessary, including a Purchase and Sale Agreement, with DIDM Development Corporation, a California corporation, or affiliate, for the sale of the Subject Property in the amount of \$700,000, and accept Categorical Exemption CE 16-192. (District 6)

The City of Long Beach currently owns the Subject Property, which is a 36,780-square-foot unimproved lot (Exhibit A). 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 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.

At the time of the Agency's dissolution, the Agency was in pre-existing and near-final discussions with the Buyer for the purchase and development of the Subject Property. The Buyer has expressed an interest in proceeding with the purchase of the Subject Property from the City for \$700,000, which is based on an appraisal prepared during pre-existing negotiations. The Subject Property development concept will include a senior housing development with an affordability component.

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 16-192, was completed related to the proposed transaction on July 27, 2016 (Exhibit B).

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 27, 2016 and by Revenue Management Officer Julissa José-Murray on August 1, 2016.

City Council consideration of this transaction is requested on August 16, 2016, to ensure that entitlement on the Subject Property can occur in a timely manner.

Sale proceeds of \$700,000, 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 \$588,000. 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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