



Legislation Text

File #: 17-1101, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all necessary documents with Raintree-Evergreen, LLC, a Delaware limited liability company, for the reduction in sale price of Broadway and The Promenade North (127-135 East Broadway), Assessor Parcel Numbers 7280-020-902, -903, -908, -909, -910, -911, -912, -913, for a total purchase amount of \$6,871,122. (District 2)

On May 24, 2016, the City Council authorized the sale of property located at Broadway and The Promenade North (127-135 East Broadway), (Subject Property) (Exhibit A). The Subject Property totals approximately 45,280 square feet and is currently improved as a parking lot serving the adjacent area. The total sales price approved was \$8,200,000, or approximately \$181 per square-foot.

The Subject Property is in escrow and the Buyer is pursuing entitlements. During that process, it was determined that an alley dedication would be required for any project developed. Additionally, a portion of The Promenade will be dedicated back to the City, as it was part of a previously approved project that does not fit within the current development concept. As a result, only 37,962 square feet remain as the developable square footage of the Subject Property. The Buyer has requested a proportionate reduction in the sale price of approximately \$1,328,878 for a revised total sales price of \$6,871,122. The revised sale price remains the highest price offered and provides the best value for the City. Additionally, the sale of the Subject Property remains consistent with the Successor Agency's revised Long Range Property Management Plan and dissolution law.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 2, 2017 and by Budget Analysis Officer Julissa José-Murray on November 9, 2017.

City Council action is requested on December 5, 2017, to facilitate development of the Subject Property in a timely manner.

This action approves a reduction in the purchase price from \$8,200,000 to \$6,871,122 to reflect the reduction in developable square footage of the Subject Property. Sale proceeds of \$6,871,122, 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 \$5,771,742. 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 \$1,212,066.

Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former Downtown Long Beach Redevelopment Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER