



Legislation Text

File #: 21-1026, **Version:** 1

Recommendation to adopt resolution declaring City-owned property located at 854 East 7th Street (APN 7274-019-900) (Subject Property) as "exempt surplus land" as defined in Government Code Section 54221(f)(1)(A); and, authorize City Manager, or designee, to take any actions and execute any documents necessary to ensure compliance with the Surplus Land Act and State regulations relating thereto. (District 1)

The City is currently fee owner of the former Long Beach Armory, located at 854 East 7th Street, APN 7274-019-900 (Subject Property) (Attachment A). The Subject Property is vacant and consists of an Armory building, garages, and parking lot. On May 8, 2020, the City posted Request for Proposals No. RFP ED20-041 (RFP) seeking qualified respondents to enter into a long-term lease and development opportunity to activate, develop, and restore the Subject Property consistent with local, State, and federal statutes for historically significant resources. As a result of the RFP process, the City selected the sole respondent, Gundry Partners, LP, dba Howard CDM (Howard CDM), who proposed a fee purchase of the Subject Property for an arts collective, which included market-rate housing with an affordable housing component.

On February 2, 2021, the City Council authorized Exclusive Negotiating Agreement No. 35865 (ENA) with Howard CDM to facilitate further negotiation and allow the City time to move the project forward while reconciling and complying with the California Surplus Land Act (SLA). Subsequently, Howard CDM revised its proposal and now intends to develop a 64-unit 100 percent affordable housing development, various improvements to Gumbiner Park, and adaptive reuse of the Armory building to accommodate arts-focused uses.

The SLA, as codified in Government Code Section 54220 *et seq.*, requires all agencies to prioritize affordable housing as well as parks and open space, when disposing of surplus land. Surplus land is land owned by a local agency that is determined to be no longer necessary for the agency's use. Recent changes to the SLA, through Assembly Bill (AB) 2135, (i) revise procedures for disposition by sale or lease of surplus land by local agencies; (ii) extend the good faith negotiation period with potential affordable housing developers to 90 days; (iii) deepen affordability requirements where an affordable housing project is developed on the site; and, (iv) add a requirement that if negotiations with an affordable housing developer are unsuccessful, then any residential development on the surplus land over ten units must make at least 15 percent of the units affordable. Further, AB 2135 no longer allows exceptions and requires local agencies to adopt a Resolution declaring property "surplus" or "exempt surplus" as supported by findings at a regular public meeting of the agency's governing body.

The City considers the Subject Property to be exempt surplus land, as defined by Government Code Section 54221(f)(1)(A), and to proceed with disposition, the following findings must be made by the City Council, as the legislative body of the City:

- The Subject Property has a zoning designation of PD-30. Development proposals for the Subject Property were solicited pursuant to a competitive process, Howard CDM submitted the only proposal, and thereafter, the ENA was executed. Negotiations have resulted in a mixed-use development proposal with 100 percent of the residential units being affordable. Therefore, the project qualifies as exempt surplus.
- The Subject Property consists of 72,710 square feet of building area. The proposed development on the Subject Property consists of 62,200 square feet of housing building area. Therefore, in accordance with Government Code Section 37364(b), not less than 80 percent of the area of the Subject Property will be used for the development of housing. Such ratio must not decrease during development of the Subject Property.
- 63 of the 64 proposed residential units on the Subject Property (except for one onsite manager's unit) will be deed restricted such that they will be made available only to lower income households, with at least 20 percent of the units affordable to very low income households. Therefore, in accordance with Government Code Section 37364(c), no less than 40 percent of the total number of developed housing units will be affordable to lower income households, and half of such 40 percent must be affordable to very low income households.
- The Subject Property will be subject to a recorded regulatory agreement that provides that, for 55 years after the issuance of a certificate of occupancy, the residential units may be rented only to persons or households of low- or very low-income, and such agreement must run with the Subject Property and be binding upon all future owners, in satisfaction of the requirements of Government Code Section 37364(d).

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 13, 2021 and by Budget Management Officer Rhutu Amin Gharib on September 15, 2021.

City Council action is requested on October 5, 2021, to allow the City to implement actions necessary to comply with the SLA and continue the disposition process for the Subject Property.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

Approve recommendation.

[Enter Body Here]

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER