

CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

April 19, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Approve a Disposition and Development Agreement (DDA) with Cedar Court LLC and authorize the City Manager to execute any and all documents necessary to implement the DDA. (District 1)

DISCUSSION

In 1999 the former State Office Building, located at 245 West Broadway, was sold to David Kubit, who substantially remodeled the structure as a private office building. However, there is inadequate parking for tenants, and as a result, the property has generally not been leased.

To remedy this situation, Mr. Kubit, doing business as Cedar Court LLC, is proposing to purchase the City-owned surface parking lot located on the south side of 3rd Street between Cedar Avenue and Pacific Avenue (Attachment A). The parcel has 38,868 square feet of land improved with 108 parking spaces.

Mr. Kubit's proposed conceptual plan for the site (Attachment B) calls for a five-level parking garage (two levels below ground and three above) with 462 parking spaces. This includes the parking required to fully occupy the adjacent office building along with 85 new condominiums and 2,785 square feet of new first-floor retail space. The condominiums are generally terraced above the parking in three towers ranging in height, including the parking levels, from 12 stories to five stories. Height is greatest along Pacific Avenue and lowest on the west side across the street from the historic First Congregational Church. Two-story live-work units front 3rd Street to block the first two levels of parking and create an active street front.

The DDA includes the following major provisions:

- The Developer will pay the City \$1,680,000 for the site. This is based on \$47.75 per square foot for buildable land and \$23.88 per square foot for that portion of the site that is rendered unbuildable by virtue of a Los Angeles County easement for an underground storm drainage line. This slightly exceeds the appraised

value for the site, which is based on \$45.00 and \$22.50 per square foot respectively.

- The Developer will enter into an agreement with the First Congregational Church for the provision of 35 parking spaces within the new development.
- The Developer will contribute one percent of the development costs to the City of Long Beach to use for improvements to Lincoln Park. This payment is currently estimated to be \$330,000.
- The Developer will share profits related to the sale of the condominiums with the City of Long Beach after recouping expenses and securing an 18 percent return on his investment.
- The Developer will pay all city fees in effect at the time that he pulls permits for the project.
- The Developer will pay a performance deposit of \$25,000.
- An Agreement Containing Covenants will also be recorded at closing. This document will describe maintenance responsibilities and limit uses to those allowed under the Downtown Long Beach Redevelopment Plan since this project is located in the Downtown Project Area.

In addition, staff is recommending that the Redevelopment Agency make a debt payment from the Downtown Redevelopment Project Area to the City annually equal to the amount of tax increment received from this project.

The City's Environmental Planning Division prepared a Mitigated Negative Declaration for this project. The Redevelopment Agency certified the CEQA document on November 8, 2004, since the project is located within the Downtown Long Beach Redevelopment Project Area and falls within the Agency's design review authority.

Since no tax increment revenues were involved in the City's original purchase of this site or in the sale of the land, a 33433 report is not necessary under California Redevelopment Law and it is not necessary to hold a noticed public hearing before approving this Disposition and Development Agreement.

This item was reviewed by Assistant City Attorney Heather A. Mahood on April 5, 2005, and Budget Management Officer David Wodynski on April 11, 2005.

TIMING CONSIDERATIONS

City Council action is requested on April 19, 2005. This transaction has been under negotiation for almost two years and the current Exclusive Negotiating Agreement expired on April 12, 2005.

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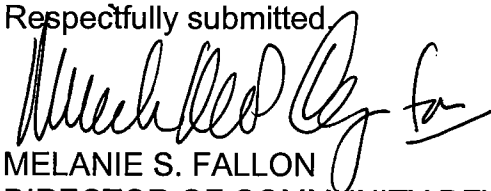
FISCAL IMPACT

After the Disposition and Development Agreement is approved, the Developer will finish the design review process with the Redevelopment Agency and then apply for entitlements from the City. Escrow will not close on the land until this process has been completed and the Developer has a building permit in hand, which will take an estimated 12 to 18 months. Upon close of escrow, the land sale proceeds of \$1,680,000 will be deposited into the City's General Fund, as anticipated in the Three-Year Financial Strategic Plan's projections.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MELANIE S. FALLON
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER

MSF:BAK:JVK

Attachments: Attachment A – Site Map
Attachment B – Concept Plans