



Building A Better Long Beach

November 15, 2010

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to enter into a Memorandum of Understanding with Pacific Court–Pine Square Partners to negotiate the redevelopment of the Pine Court property. (Downtown – District 2)

DISCUSSION

Pacific Court–Pine Square Partners (Developer) is the owner of the property known as Pine Court (Exhibit A – Site Map). A portion of the property (the “theatre space”) has been leased to American Multi-Cinema, Inc. (AMC Theatres) since the development’s opening in 1992. The Developer is considering rebuilding the theatre space as a residential apartment or condominium project upon termination of the lease with AMC Theatres, which expires on December 31, 2012, unless both parties agree to an earlier termination date.

Pine Court is currently subject to several agreements with the City of Long Beach (City) and/or the Redevelopment Agency (Agency) that limit its current use to a movie theatre or other commercial use, and which do not permit development of Pine Court for residential purposes. Those agreements are:

- Theatre Space Offsite Parking Agreement (“TSOPA”). All code-required parking related to the theatre or other commercial use is provided by the TSOPA. If Pine Court is converted to residential use, the TSOPA will terminate and no parking for Pine Court will be provided by the Agency.
- Communities Facilities District (“CFD”). Pine Court is currently encumbered by a CFD which secures repayment of CFD bonds. The CFD requires, among other matters, that the subterranean garage be a public garage. Development of a residential project at Pine Court requires that the garage become a private garage. In order to allow the garage to be converted to private use, the CFD must be terminated; in order to terminate the CFD, the CFD bonds must be repaid. It is the Developer’s obligation to repay the CFD bonds.

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- Agreement Containing Covenants. Pine Court is subject to restrictions contained in the Agreement Containing Covenants. One of the restrictions is that Pine Court be held as one parcel and not be further subdivided.
- Maintenance and Reciprocal Easement Agreement. This agreement requires, among other matters, that the subterranean garage be a public parking garage.
- Public Facilities Lease. As long as the CFD bonds are outstanding, the subterranean garage must be subject to the Public Facilities Lease, which requires that the garage be used as a public garage.

If Pine Court is to be redeveloped as apartments or condominiums, each of the above agreements must be amended or terminated. Agency staff anticipates that resolving the many issues presented by the agreements listed above, completing design review, City approvals, and the other issues presented by a proposed residential development in the Pine Avenue business district will require a significant amount of Agency staff time and third-party expenses. Accordingly, Agency staff recommends the execution of a Memorandum of Understanding (MOU) with the Developer to require that the Developer post a deposit to pay for the Agency's third-party costs and to outline the subject areas to be discussed by the parties in order to prepare an Owner Participation Agreement (OPA).

The MOU is not binding on the parties; it is only an agreement to discuss the many issues presented by the proposed residential development. Should the Pine Court project move forward, the parties will prepare an OPA, which will be presented to the Agency Board for its consideration at a future date.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



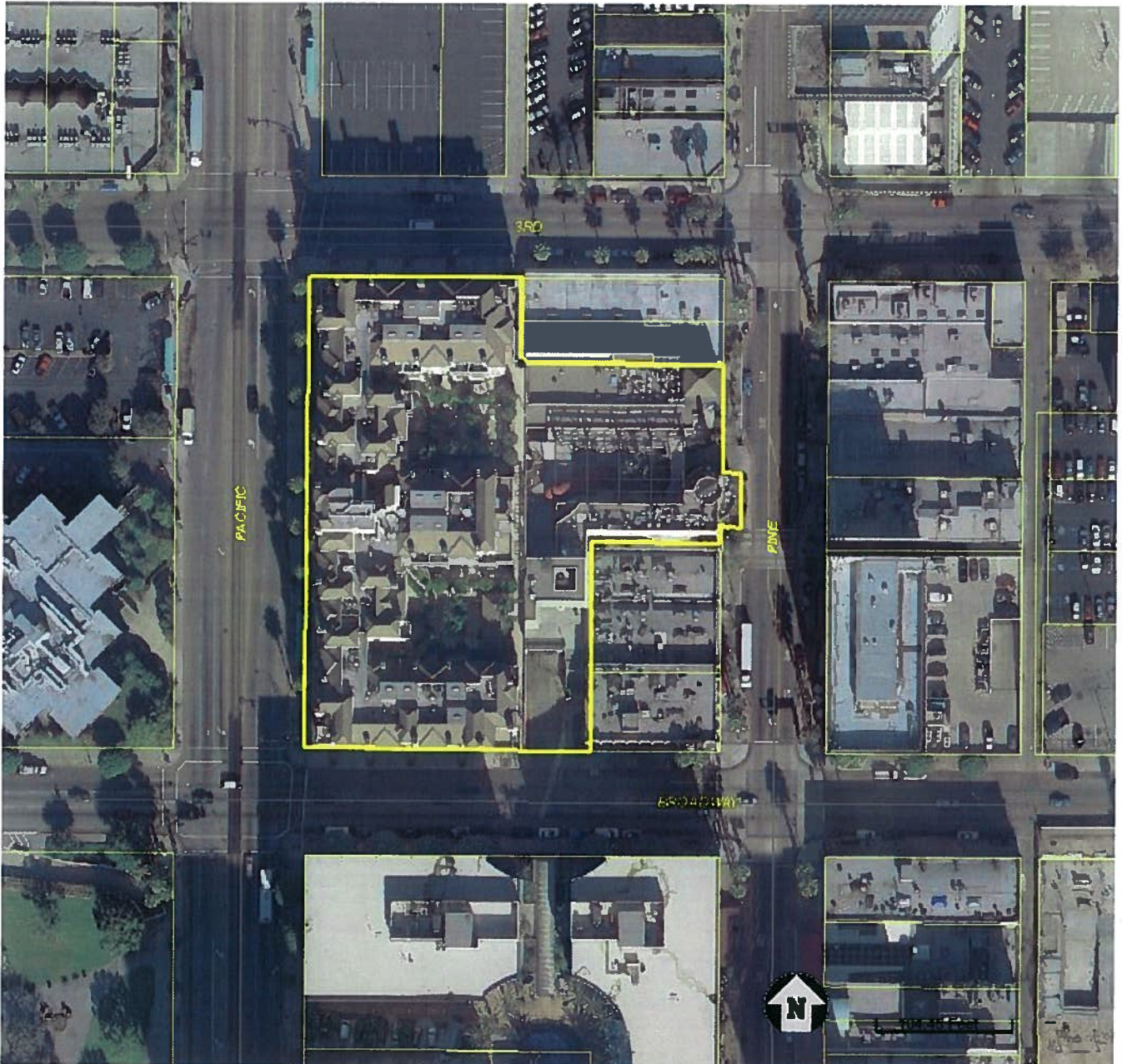
AMY J. BODEK
EXECUTIVE DIRECTOR

Attachment: Exhibit A – Site Map

AJB:LAF:CSM:BEC



Pine Court



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