



Building A Better Long Beach

June 15, 2009

REDEVELOPMENT AGENCY BOARD MEMBERS
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, conclude the public hearing, and adopt the attached resolution making certain findings; and authorize the Executive Director to execute a Disposition and Development Agreement with Kathleen Irvine for the development of residential property at 539 Daisy Avenue. (Central – District 1)

DISCUSSION

The Redevelopment Agency (Agency) acquired vintage residential property as part of land assemblage efforts for the West Gateway Project. Rather than demolish the structure, the Agency utilized the opportunity to implement one of the goals of the Willmore District Implementation Plan (Plan) regarding adaptive reuse of vacant lots for the relocation of historic homes. Following an extensive search and negotiations, the Agency acquired vacant replacement property in the Willmore City Historic District and relocated the vintage structure to the new location (Exhibit A – Site Map). The Agency then released a Request for Proposals (RFP) for the sale and rehabilitation of the home to a qualified owner-occupant developer.

On October 20, 2008, the Agency entered into an Exclusive Negotiation Agreement with Kathleen Irvine (Developer) to negotiate the acquisition, rehabilitation and occupancy of the relocated vintage residential property at 539 Daisy Avenue (Property). The Property features an early vernacular bungalow originally constructed in 1908. The one-story, single-family home contains two bedrooms and one bath in 996 square feet. The house requires extensive renovations to make it habitable.

The development plan proposes to renovate and restore the interior and exterior of the Property in a historically appropriate manner. The renovations will be consistent with the architectural style of the existing contributing properties in the surrounding neighborhood and adjacent properties in terms of size, scale, design, features, character, placement and materials. The design will not remove, enlarge or otherwise change the basic structure or decorative interior or exterior elements of the home. The plan will construct a detached two-car garage that will include a laundry room and storage area.

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The Developer proposes renovating the electric, plumbing and roofing systems. The Developer also proposes to use salvaged vintage elements, in good condition, such as lighting fixtures, wooden windows, doors, and hardware, as needed, to retain the look of the time period.

Rehabilitation guidelines require a Certificate of Appropriateness from the Cultural Heritage Commission and exterior renovations in accordance with the United States Secretary of the Interior's Standards for the Treatment of Historic Buildings.

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$25.10 per square foot, or \$25,000, as compensation for the approximately 996-square-foot residential structure.
- The Developer will utilize the Property in accordance with the Central Long Beach Redevelopment Plan and all applicable City of Long Beach (City) codes and regulations appropriate to off-street parking.
- An Agreement Containing Covenants will be recorded at closing. This document will prohibit certain uses, describe maintenance responsibilities and levels of rehabilitation and maintenance, and require that any future improvements be subject to the design guidelines for the historic district and the Project Area.
- The Developer has provided evidence of financing for the development of the Property. The Developer must secure a Certificate of Completion within 12 months of the date of the Agreement.

The City's Environmental Planning Officer has determined that the project contemplated by the Agreement qualifies for a Categorical Exemption under the California Environmental Quality Act (Exhibit B – Categorical Exemption).

Since the property was purchased by the Agency with tax increment monies, California law requires that this sale must also be approved by the City Council by resolution after a public hearing.

Pursuant to California Redevelopment Law, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit C – Section 33433 Summary Report) that contains the following:

- The estimated value of the interest to be conveyed, determined at the highest and best use permitted under the Redevelopment Plan.
- The estimated value of the interest to be conveyed and with the conditions, covenants and development costs required by the Agreement.

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- The purchase price.
- The cost of the Agreement to the Agency.
- The net cost/benefit to the Agency.
- An explanation of why the sale of the site will assist in the elimination of blight.
- An explanation of why the sale of the site is consistent with the Agency's AB 1290 Implementation Plan.

This item was approved by the Central Project Area Committee and is scheduled for a public hearing before the City Council on June 16, 2009.

SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,



CRAIG BECK
EXECUTIVE DIRECTOR

CB:AJB:DSW:TF

Attachments: Redevelopment Agency Resolution
Exhibit A – Site Map
Exhibit B – Categorical Exemption
Exhibit C – Section 33433 Summary Report

RESOLUTION NO. R. A.

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, FINDING THAT THE CONSIDERATION FOR THE SALE OF CERTAIN REAL PROPERTY IN THE CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA IS NOT LESS THAN FAIR MARKET VALUE IN ACCORDANCE WITH COVENANTS AND CONDITIONS GOVERNING SUCH SALE; APPROVING THE SALE OF PROPERTY TO KATHLEEN IRVINE; APPROVING THE DISPOSITION AND DEVELOPMENT AGREEMENT PERTAINING THERETO; AND AUTHORIZING THE EXECUTION OF THE DISPOSITION AND DEVELOPMENT AGREEMENT

WHEREAS, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), is engaged in activities necessary to execute and implement the Redevelopment Plan for the Central Long Beach Redevelopment Project Area (the "Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency proposes to sell certain real property (the "Property") in the Project pursuant to the terms and provisions of the Disposition and Development Agreement and which Property is described in Exhibit "A" which is attached and incorporated by reference; and

WHEREAS, Kathleen Irvine (the "Developer") has submitted to the Agency a written offer in the form of a Disposition and Development Agreement to purchase the Property for not less than fair market value for uses in accordance with the Redevelopment Plan and the covenants and conditions of the Disposition and

Development Agreement; and

WHEREAS, the proposed Disposition and Development Agreement contains all the provisions, terms and conditions and obligations required by Federal, State and local law; and

WHEREAS, Developer possesses the qualifications and financial resources necessary to acquire and insure development of the Property in accordance with the purposes and objectives of the Redevelopment Plan; and

WHEREAS, Agency has prepared a summary setting forth the cost of the Disposition and Development Agreement to the Agency, the estimated value of the interest to be conveyed, determined at the highest uses permitted under the Redevelopment Plan and the purchase price and has made the summary available for public inspection in accordance with the California Redevelopment Law; and

WHEREAS, pursuant to the provisions of the California Community Redevelopment Law, the Agency held a public hearing on the proposed sale of the Property and the proposed Disposition and Development Agreement after publication of notice as required by law; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed sale and has found that the redevelopment of the Property pursuant to the proposed Disposition and Development Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents and in accord with the public purposes and provisions of applicable Federal, State and local law;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California resolves as follows:

Section 1. The Agency hereby determines that the development of the Property is categorically exempt under the California Environmental Quality Act.

Section 2. The Agency finds and determines that the consideration for sale of the Property pursuant to the Disposition and Development Agreement is not less than fair market value in accordance with covenants and conditions governing the sale.

Section 3. The sale of the Property by the Agency to Developer and the Disposition and Development Agreement which establish the terms and conditions for the sale and development of the Property are approved.

Section 4. The sale and development of the Property shall eliminate blight within the Project Area and is consistent with the implementation plan for the Project adopted pursuant to Health and Safety Code Section 33490.

Section 5. The Executive Director of the Agency is authorized to execute the Disposition and Development Agreement (including attachments).

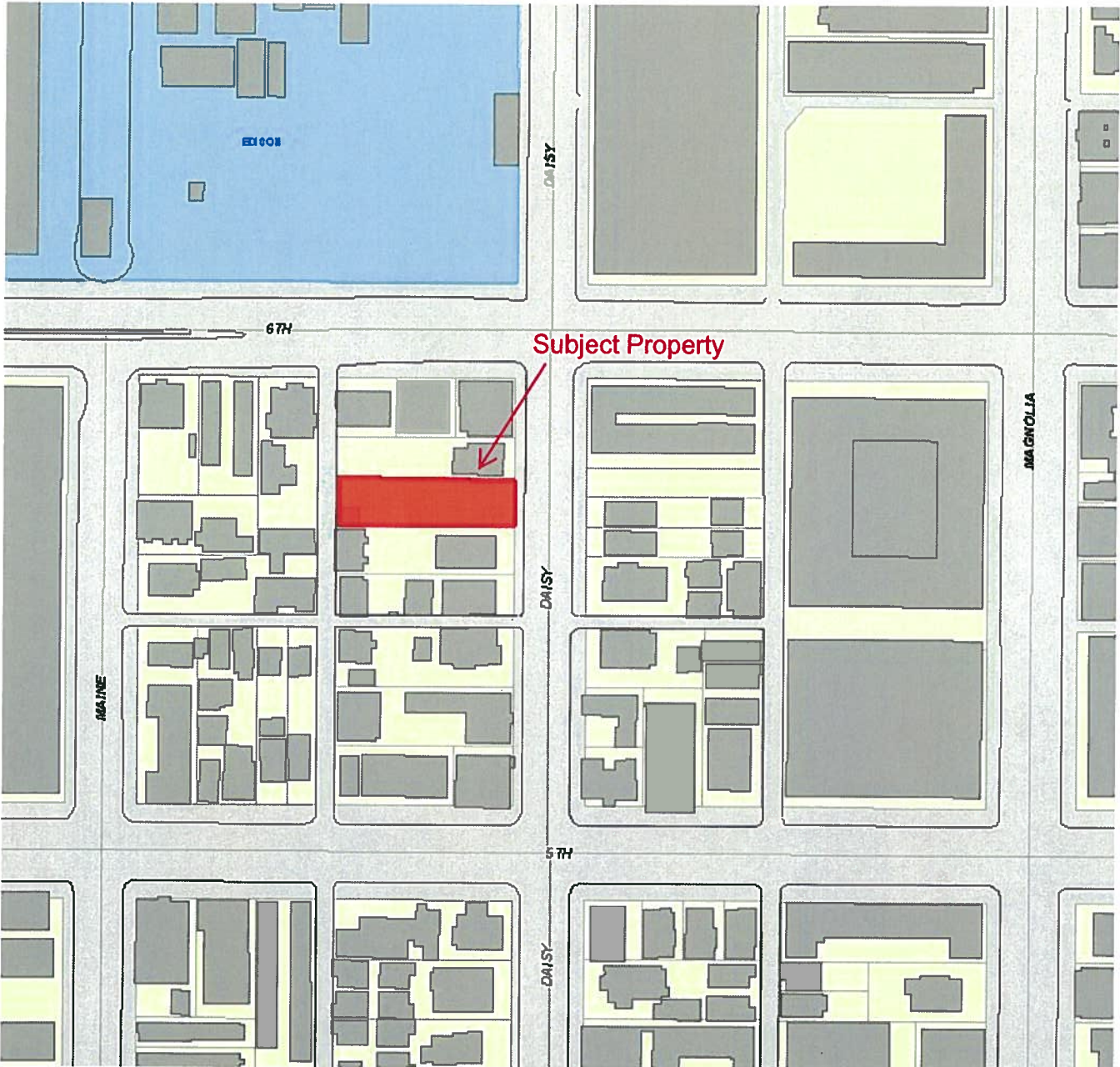
Section 6. The Executive Director of the Agency is authorized to take all steps and to sign all documents and instructions necessary to implement and carry out the Disposition and Development Agreement on behalf of the Agency.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California this _____ day of _____, 2009.

Executive Director/Secretary

APPROVED:

Chair



Disclaimer

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Exhibit B

CITY OF LONG BEACH NOTICE OF EXEMPTION

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbs.longbeach.gov

TO: [] Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

[] L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Categorical Exemption CE- _ _ _

Project Location/Address: 539 Daisy Avenue, Long Beach, CA 90802

Project/Activity Description: Reconstruction of a 996 sq. ft. residential structure, Type I, Non-rated

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: Long Beach Redevelopment Agency

Mailing Address: 333 W Ocean Blvd., Long Beach, CA 90802

Phone Number: 562.570.6393

Applicant Signature:

[Handwritten signature]

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: _____ Planner's Initials: _____

Required Permits: _____

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15331, Class 31, Historic Resource Restoration/Rehabilitation

Statement of support for this finding: Rehabilitation of existing residential structure consistent with the Secretary of the Interior's Standards for Historic Properties and Buildings.

Contact Person: Craig Chalfant

Contact Phone: 562-570-6368

Signature: [Handwritten signature]

Date: 4/29/09

Exhibit C

**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON A
DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH CALIFORNIA
AND
KATHLEEN IRVINE**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) between the Redevelopment Agency of the City of Long Beach California (Agency) and Kathleen Irvine (Developer). The Agency relocated the single-family home located at 228 North Nylic Court (Historic House) to 539 Daisy Street (Receiver Site), and the Agreement requires the Developer to renovate the Historic House in accordance with a defined scope of development.

INTRODUCTION

As part of the property assemblage for the West Gateway revitalization, the Agency acquired several homes that were deemed to have historic merit. To preserve these homes, the Agency created an implementation plan to relocate the homes to properties located in the Drake Park / Willmore City Historic Landmark District.

The Agency acquired the Receiver Site in 2006, and relocated the Historic House in March 2007. The Agency plan requires the Historic House to be sold to persons that will agree to renovate the structure to a standard defined by the Agency. In June 2008, the Agency distributed a request for proposals (RFP) for four homes. The Developer was selected to purchase and restore the home on the 539 Daisy Street Receiver Site (Project).

This Summary Report is based upon information contained within the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Developer and the Agency by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the Agency associated with implementing the Agreement.

- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Central Long Beach Redevelopment Project Area (Project Area) Redevelopment Plan.
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Project based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Agency, and explains any difference between the compensation to be received and the established value of the Project.
- VI. **Blight Elimination:** This section describes the existing blighting conditions, and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Agency's adopted AB1290 Implementation Plan for the Project Area.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. **SALIENT POINTS OF THE AGREEMENT**

A. **Developer Responsibilities**

- 1. Prior to conveyance, the Developer must complete the following activities:
 - a. A \$5,000 Performance Deposit was provided at the commencement of the Agreement to Negotiate Exclusively (ANE) period. This deposit must remain in place until the property is conveyed to the Developer.
 - b. The Developer must prepare and submit site plans, elevations and related documents for the Project to the Cultural Heritage Commission. This approval was received prior to the execution of the Agreement.
 - c. Evidence of financing must be provided for the Agency Executive Director's approval.
 - d. The Developer must obtain Building Permits from the City of Long Beach (City).
- 2. The Developer must accept the Receiver Site and the Historic House in an "as is" condition:

- a. The Developer will have approved the environmental, geological and soils conditions of the Receiver Site prior to DDA execution.
 - b. The Agency has made no representations or warranties of any kind regarding the property's condition or the costs that will have to be incurred to complete the scope of development required by the Agreement.
3. The Developer must obtain all permits required by any government agency with jurisdiction over the Project.
4. The Developer must obtain the following insurance coverages:
 - a. Commercial general liability insurance equal to \$1 million per occurrence and \$2 million in aggregate;
 - b. Automobile insurance with \$1 million combined single limit per accident;
 - c. Professional liability insurance with \$1 million coverage per claim covering each entity that provides professional services related to the Project;
 - d. All risk property insurance, earthquake insurance and flood insurance to cover the full replacement value of the Project; and
 - e. Workers compensation insurance as required by the State Labor Code with a minimum limit of \$1 million per accident.
5. The Developer must rehabilitate and restore the Historic House to preserve the historical character of the home:
 - a. The house must be maintained as a single-family home.
 - b. The renovation work must comply with the requirements imposed in the Scope of Development attachment to the Agreement. Notably, the Developer must complete the following renovation elements:
 - i. Construct code compliant replacement mechanical and electrical systems.
 - ii. Connect interior utilities to the exterior hook ups.
 - iii. Repair or replace front porch and rear landing structures, including decking, columns, ceilings and balustrades.
 - iv. Repair or replace roof elements.

- v. Repair or replace wall siding surfaces.
 - vi. Construct a Code compliant two-car garage consistent with the character of the Historic House.
- c. The Developer must fund 100% of the renovation costs that are not specifically assigned to the Agency in the Agreement.
 - d. The renovation improvements must be completed within one-year following the Receiver Site's conveyance to the Developer. This deadline can be extended for up to 180 days at the Agency Executive Director's sole discretion.
 - e. The Developer indemnify and hold the Agency and City harmless from any claims related to State Labor Code Section 1720.
- 6. The Developer must maintain the Project in accordance with the design guidelines for the Drake Park / Willmore City Historic Landmark District.
 - 7. Through the end of 2046, the Developer must agree that the "Taxable Assessed Value" to be used by the Los Angeles County Assessor shall be the greater of the following dollar amounts:
 - a. The existing Taxable Assessed Value of the Project; or
 - b. The sum of the purchase price for the Receiver Site plus the value of the Historic House after the completion of the required renovation improvements.

B. Agency Responsibilities

Prior to executing the Agreement, the Agency acquired the Receiver Site and relocated the Historic House to the Receiver Site. The Agreement imposes the following additional responsibilities on the Agency:

- 1. The Agency must provide landscaping improvements on the Receiver Site:
 - a. The Agency has completed the landscape design plans, and the Developer has approved the plans.
 - b. The Agency must cause the landscaping improvements to be installed at the Agency's cost.
- 2. Promptly after the Project construction is completed, and 30 days after a Notice of Completion has been filed in accordance with Civil Code Section 3093, the Agency Executive Director must furnish a Certificate of Completion to the Developer.

II. COST OF THE AGREEMENT TO THE AGENCY

The Agency costs to implement the Agreement are estimated as follows:

Receiver Site Acquisition Cost	\$275,000
Historic House Moving Costs ¹	78,800
Architectural Fees	8,200
Landscaping Costs	21,600
	<hr/>
Total Agency Cost	\$383,600

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 33433 requires the Agency to identify the value of the interests being conveyed at the highest use allowed by the Redevelopment Plan for the Project Area. The valuation must be based on the assumption that no extraordinary use, quality and/or income restrictions are being imposed on the development by the Agency.

The Historic House includes 996 square feet of building area. To estimate the value for the home upon the completion of the renovation work, the Agency engaged Lidgard and Associates, Inc. (Lidgard) to prepare an Appraisal Report for the Receiver Site. In a report dated January 16, 2009, Lidgard concluded that the after renovation value of the Project falls within the range of \$303.61 to \$389.66 per square foot of building area. This equates to \$302,400 to \$388,100 for the 996 square foot Historic House.

The Agency engaged RPA General Contractor to provide a construction cost estimate for the required Scope of Development. In addition, Keyser Marston Associates, Inc. (KMA), the Agency's financial consultant, estimated the indirect costs and financing costs associated with the Project. The cost estimates are presented in the following table:

Construction Costs ²	\$248,300
Indirect & Financing Costs	50,000
	<hr/>
Total Renovation Costs	\$298,300

The value of the Receiver Site at the highest use permitted by the Redevelopment Plan for the Project Area is equal to the after renovation value minus the estimated renovation costs. The resulting value falls within the range of \$4,100 to \$89,800.

¹ Includes mover, general contractor and surveyor costs. Also includes utilities installation costs.

² The cost estimate was prepared on March 17, 2009

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement requires the Developer to renovate the Historic House to standards approved by the Cultural Heritage Commission. The costs to complete the renovation work have been factored into the analysis of the Receiver Site's value at the highest use permitted by the Redevelopment Plan. Thus, the fair reuse value of the Receiver Site is the same as the value of the Receiver Site at the highest use permitted by the Redevelopment Plan for the Project Area.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agency solicited purchase offers for the Receiver Site through the distribution of a RFP. In the selected response to the RFP, the Developer offered to purchase the Receiver Site for \$25,000. This offer amount falls within the range of values established for the Receiver Site. Thus, it can be concluded that the Agency is receiving fair consideration for the interests being conveyed to the Developer.

VI. BLIGHT ELIMINATION

The Historic House was originally located on a property that was required for a West Gateway redevelopment project. The Agency acquired the property as part of the West Gateway assemblage process, and a finding was made at that time that the West Gateway development will alleviate blighting conditions in the Project Area.

The Historic House moving policy was created by the Agency to relocate homes that were displaced by the West Gateway project. The Receiver Site was acquired by the Agency to allow for the Historic House to be relocated. Therefore, it can be concluded that the conveyance of the Receiver Site to the Developer will fulfill the blight elimination requirement imposed by Section 33433.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Willmore Historic House Relocation is included in the "Proposed Agency Programs and Potential Projects" in the adopted Central Long Beach Project Area Five-Year Implementation Plan for the period between October 1, 2004 and September 30, 2009. Thus, the Project conforms with the AB1290 Implementation Plan requirement imposed by Section 33433.