



# CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

October 19, 2004

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

SUBJECT: Public Hearing to Consider a Disposition and Development Agreement With Menorah Housing Foundation, Inc., for the Development of Property at the Northwest and Southwest Corners of Atlantic Avenue and Vernon Street – Central Long Beach Redevelopment Project Area (District 6)

## DISCUSSION

### Background

On October 11, 2004, the Redevelopment Agency (Agency) approved the Disposition and Development Agreement (Agreement) with Menorah Housing Foundation, Inc., (Developer) for the development of property located at the northwest and southwest corners of Atlantic Avenue and Vernon Street (Site), with addresses of 555-586 E. Vernon Street and 2517 – 2561 Atlantic Avenue (odd addresses only, Exhibit A - Site Map). The Site is located in the Central Long Beach Redevelopment Project Area.

The Developer is a non-profit corporation specializing in the use of Department of Housing and Urban Development (HUD) Section 202 funds to finance the acquisition and construction of affordable senior housing developments. Through the use of the HUD Section 202 program, the Developer currently owns and operates 950 affordable units in 14 buildings throughout Los Angeles County.

### Project Plans and Financing

Under the terms of the Agreement, the Agency will provide the Developer with a loan not to exceed \$5.7 million for acquisition, relocation and demolition of existing housing in an attempt to convey a clean site to the Developer. The Developer will secure the \$10.3 million required to construct an independent-living residential complex containing between 73-80 one-bedroom units for very low-income seniors (Project). The complex will include one two-bedroom resident manager's unit, a community room (with kitchen), library, laundry room, lobby/seating area and a secured parking garage with code-required parking. The Developer will also acquire the Site from the Agency for an amount equal to the Agency's project-related expenses. This amount will be paid in the form of a residual receipts loan.

The Project will conform to the Agency's Central Long Beach Redevelopment Plan and the Long Beach Housing Development Company's Housing Design Standards; and it is subject to review by the Agency's Design Review Committee.

On March 4, 2004, the Central Project Area Committee (CPAC) voted to support the proposed development. Staff invited the property owners and tenants to a community meeting on April 21, 2004, in the Burnett Elementary School cafeteria, and received support for the Project. On July 1, 2004, Redevelopment staff updated the CPAC membership on the negotiations.

#### Compliance with California Environmental Quality Act

The City's Environmental Planning Officer prepared an Initial Study of Environmental Impact and determined that a Negative Declaration of Environmental Impact was appropriate for the Project. The Agency approved the Negative Declaration for the Project on October 11, 2004.

#### Summary Report and City Council Approval

Pursuant to California Redevelopment Law, the Agency has made available for public review a Summary Report (Exhibit B – H&S 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, determined at the use and with the conditions, covenants and development costs required by the Agreement;
- The purchase price;
- The cost of the Agreement to the Agency;
- An explanation of why the sale of the property to the Developer will assist in the elimination of blight; and
- An explanation of why the sale of the property is consistent with the Agency's Five-Year Implementation Plan.

Since the Site will be acquired by the Agency, in part, with tax increment monies, California Redevelopment Law requires that this sale must also be approved by the City Council by resolution after a public hearing.

This item was reviewed by Assistant City Attorney Heather A. Mahood on August 26, 2004, and Budget Management Officer David Wodynski on October 8, 2004.

TIMING CONSIDERATIONS

It is requested that the City Council ratify the action of the Redevelopment Agency and approve the Agreement on October 19, 2004, to allow the Project to move forward as provided in the Schedule of Performance.


FISCAL IMPACT

The Agency's loan to the Developer will be disbursed over the next two fiscal years and will not exceed \$5.7 million. Of this amount, \$3.2 million has been budgeted in Fiscal Year 2005 (FY 05) in the Redevelopment Fund (RD) in the Department of Community Development (CD). The remaining \$2.5 million will be included in the Department's proposed budget for FY 06. There will be no impact on the General Fund.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

- 1) Receive supporting documentation into the record, conclude the Public Hearing and approve the Disposition and Development Agreement;
- 2) Adopt the attached Resolution making certain findings with respect to the Project; and
- 3) Approve and authorize the City Manager to execute the Disposition and Development Agreement and any additional documents necessary to implement the Disposition and Development Agreement.

Respectfully submitted,




For MELANIE S. FALLON  
DIRECTOR OF COMMUNITY DEVELOPMENT

MSF:DCS

Attachments: Exhibit A - Site Map  
Exhibit B - H&S 33433 Summary Report  
City Council Resolution

APPROVED:

  
GERALD R. MILLER  
CITY MANAGER