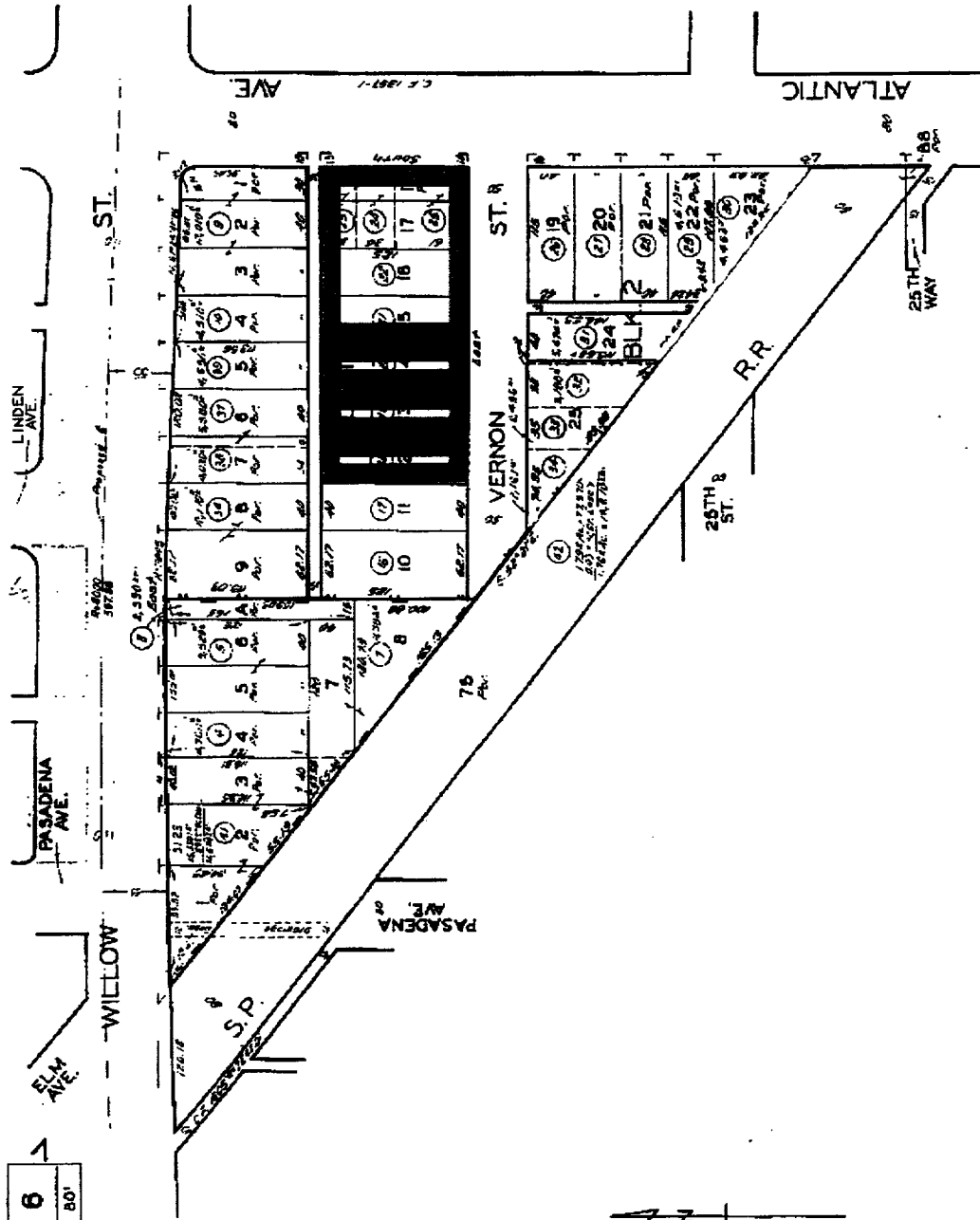


Site Map

7208 6
SCALE 1" = 80'



Sites

- A**
- 561 E. Vernon Street (019)
 - 575 E. Vernon Street (021)
 - Property Address not Listed (022)
 - 2565 Atlantic Avenue (023)
 - 2557 & 2559 Atlantic Avenue (024)
 - 2555 Atlantic Avenue (025)
- B**
- 555 E. Vernon Street (018)
 - 567 E. Vernon Street (020)
- C**
- 2545 & 2545½ Atlantic Avenue, and 580 & 586 E. Vernon Street (026)
 - 2535 & 2539 Atlantic Avenue (027)
 - 2527 Atlantic Avenue (028)
 - 2525 Atlantic Avenue (029)
 - 2515 & 2517 Atlantic Avenue (030)
 - 572 E. Vernon Street (031)
 - 566 E. Vernon Street (032)
 - 560 E. Vernon Street (033)
 - 550 E. Vernon Street (034)

**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
AND
MENORAH HOUSING FOUNDATION**

The following Summary Report has been prepared pursuant to Section 33433 of the California Health and Safety Code. The report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) between the Redevelopment Agency of the City of Long Beach (Agency) and Menorah Housing Foundation (Developer). The Agreement calls for the Agency to acquire and convey property to the Developer. The Developer must in turn construct, own and operate a senior citizen apartment project subject to long-term income and affordability covenants.

The primary purpose of the Agreement is to fulfill affordable housing obligations imposed by the Community Redevelopment Law as portrayed in the California Health and Safety Code. Specifically, the implementation of the Agreement conforms to the following provisions of the California Health and Safety Code:

1. The subject property is located within the Central Long Beach Redevelopment Project Area, but the Agency intends to use low and moderate income housing set-aside property tax increment funds generated by the Downtown Long Beach Redevelopment Project Area to pay the costs associated with implementing the Agreement.
2. California Health and Safety Code allows redevelopment agencies to expend funds outside of a Project Area if a finding is made that the expenditure benefits the Project Area. The Code specifically defines the provision of affordable housing outside a Project Area as an activity that benefits the Project Area.
3. As a part of the action adopting the Agreement, the Agency will make a finding that the implementation of the Agreement will benefit the Downtown Long Beach Redevelopment Project Area.

The subject property consists of multiple privately and Agency-owned parcels generally located at the southwest and northwest corners of Vernon Street and Atlantic Avenue. It is currently anticipated that the Agency will assemble 17 privately-owned parcels, and the City of Long Beach (City) will vacate an alley and a portion of Vernon Street, to create a 1.92-acre site (Site).

However, if purchase contracts cannot be executed on all the parcels, the development will be modified so that it can be physically accommodated on the Site. To reflect this, the Agreement requires the Developer to construct at least 73 units depending on the ultimate size of the Site.

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

- I. **Sallent 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 Site's existing zoning and the requirements imposed by the Central Long Beach Redevelopment Project Area Redevelopment Plan (Redevelopment Plan).
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site 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 Site.
- VI. **Blight Elimination:** This section describes the existing blighting conditions on the Site, 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.

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. Site Description

In addition to the six Agency-owned and 11 privately-owned parcels, the Site includes an alley and a portion of Vernon Street that will be vacated by the City. The parcels are defined in the Agreement as follows:

	Land Area (Sf)
Site A ¹	23,727
Acquisition Parcels	44,863
Vacation Parcel ²	15,100
Total Land Area	83,690

B. Project Description

The scope of development required by the Agreement includes a minimum of 73 senior citizen apartment units, and an above-grade parking structure that includes the number of parking spaces required by the City's Building Code. The number of units in the Project will be determined by the size and orientation of the Site conveyed to the Developer.

The Developer will construct the Project in accordance with the Redevelopment Plan, the Long Beach Housing Development Company's Housing Design Standards, and the Downtown Long Beach Redevelopment Project Area Guidelines. In addition, the Agreement imposes ongoing maintenance standards on the Developer.

C. Developer Responsibilities

The Agreement requires the Developer to accept the following responsibilities:

1. The Developer must complete the Project in accordance with the Schedule of Performance attachment to the Agreement.
2. The Developer will design and construct the Project in accordance with the Scope of Development.
3. Prior to conveyance of the Site, the Developer must submit the following to the Agency:

¹ The Agency owns the Site A parcels, which are known as 2547-63 Atlantic Avenue and 561 and 575 Vernon Street.

² Includes the potential vacation of Vernon Street between the railroad tracks and Atlantic Avenue, and the north-south alleyway south of Vernon Street.

- a. A "HUD Firm Commitment" for a United States Department of Housing and Urban Development (HUD) Section 202 Program Capital Advance Grant; and
 - b. Evidence demonstrating that sufficient funds have been accumulated to pay 100% of the Project's construction costs.
4. The Developer must acquire the Site from the Agency for an amount equal to the Agency's actual land assemblage costs plus the amount of the "Predevelopment Loan" and the non-HUD subsidized costs that the Agreement requires the Agency to provide to the Developer (Purchase Price).³ The Purchase Price will be paid in the form of a residual receipts loan provided by the Agency (Agency Residual Receipts Loan).
5. The Developer must use its best efforts to require the contractors and subcontractors engaged to construct the Project:
 - a. To provide training and employment opportunities to lower income residents of the City; and
 - b. To utilize the services provided by the City's workforce Development Bureau, which administers a Job Training Program.
6. The Developer must procure and maintain the following types and levels of insurance for the term of the Agreement:
 - a. Commercial general liability insurance with limits not less than \$3 million per occurrence and in aggregate;
 - b. Commercial automobile liability insurance with limits not less than \$1 million for combined single limits;
 - c. Builder's risk insurance with limits not less than 100% of the completed Project's costs;
 - d. Worker's compensation insurance with limits not less than \$1 million per accident or occupational illness; and
 - e. Professional liability or errors and omissions liability insurance with limits not less than \$1 million per claim without environmental restrictions.

³ If any portion of the Purchase Price is not approved by HUD and part of the HUD Capital Advance, the Purchase Price will be seller financed by the Agency and will be included as part of the Agency Residual Receipts Loan.

- RETURN HERE
7. The Developer must construct the Project in accordance with the Scope of Development attachment to the Agreement. The Project will include at least 73 apartment units, one of which must be set-aside for an on-site manager.
 8. All of the units, except the on-site manager's unit, must be subject to income and affordability restrictions over a 55-year covenant term:
 - a. The units must be rented to very-low income senior citizen households as defined in California Health and Safety Code Section 50105.
 - b. The rent paid by the very-low income tenants must be set at the lesser of the following standards:
 - i. California Health and Safety Code Section 50053;
 - ii. The maximum rent permitted by the HUD Capital Advance Documents;
 - iii. The regulations imposed by HUD for any units designated as "Project-Based Section 8" units; and
 - iv. The regulations imposed by any other source of financing secured for the Project.
 9. The Developer must apply for an Affordable Housing Program loan (AHP Loan) from the Federal Home Loan Bank in the approximate amount of \$320,000.
 10. The Developer must repay the Agency Residual Receipts Loan from the following sources:
 - a. Any funding sources obtained by the Developer in excess of the Project's construction costs; and
 - b. Fifty percent (50%) of Any cash flow generated by the Project in excess of the Project's operating expenses.⁴

D. Agency Responsibilities

The Agreement imposes the following responsibilities on the Agency:

1. The Agency must accept the following Site assemblage responsibilities:
 - a. The obligation to pursue acquisition and assembly of the Acquisition Parcels and bear 100% of the property acquisition costs.

⁴ Any Agency Residual Receipts Loan payment must be approved by HUD.

- b. The Agency must bear the cost to vacate the alley and Vernon Street.
 - c. The Agency must undertake and fund the relocation activities mandated by state and federal law.
 - d. The Agency must pay any loss of goodwill costs associated with relocating businesses from the Site.
- 2. Nothing contained in the Agreement requires the Agency to acquire any of the Acquisition Parcels. However, if the Agency does not assemble a Site sufficient for the development of at least 73 units, the Developer may terminate the Agreement.
- 3. The Agency must complete the following activities:
 - a. The Agency must demolish and clear all the improvements located on the Site.
 - b. The Agency must commission any hazardous remediation work required to bring the Site to a developable state.
 - c. The Agency must accept responsibility for managing and maintaining the Site until it is conveyed to the Developer.
- 4. The Agency must provide a Predevelopment Loan to the Developer. The terms are summarized as follows:
 - a. At close of escrow for the Site, the Predevelopment Loan will be added to the initial Agency Residual Receipts Loan.
 - b. The loan can only be used to fund the following Project related expenses:
 - i. Architecture, engineering and consulting costs;
 - ii. City permits and fees costs;
 - iii. Costs and fees of appraisers, economic consultants and other consultants;
 - iv. Escrow, title and other closing costs and fees relating to the acquisition of the Site;
 - v. Legal and accounting costs; and
 - vi. Costs relating to the negotiating and documenting the HUD Capital Advance Documents.

5. The Agency has the option to purchase the Site exercisable upon defaults of the Agreement, Senior Housing Regulatory Agreement or expiration of affordability for the Option Price equal to the greater of any amounts outstanding under the Agency Residual Receipts Loan, or \$1. The Agency has the right to assign the Option to the Long Beach Housing Development Corporation.
6. The Agency must convey the assembled Site to the Developer in the amount equal to the remainder of the total development costs minus the sum of the HUD capital Advance and any other financing for the Project that has been obtained by the Developer.⁵ The Agency Residual Receipts Loan will be non-recourse and subordinate to the HUD deed of trust, HUD Capital Advance Documents and the Senior Housing Regulatory Agreement.
7. The Agency must accept the Agency Residual Receipts Loan as payment in full for the Site's conveyance.

II. COST OF THE AGREEMENT TO THE AGENCY

The costs incurred by the Agency to implement the Agreement are estimated in the following table:

Acquisition	\$4,530,000
Relocation	751,000
Demolition	82,000
Goodwill	50,000
Consultants & Escrow Fees	251,000
Property Management	15,000
Total Agency Cost	\$5,679,000

The Agreement requires the Developer to use any outside funding obtained in excess of the Project's construction costs to repay a portion of the Agency Residual Receipts Loan. It is currently anticipated that the "excess funds" will total \$938,000. When the \$5.68 million in Agency costs are reduced by the \$938,000 in Agency Loan repayment proceeds, the net Agency costs total \$4.74 million.

⁵ Total Development Costs are defined as the sum of eligible predevelopment costs, Agency acquisition costs and all other development and construction costs relating to the Project. The Agency Residual Receipts Loan will equal the sum of the eligible predevelopment costs, Agency acquisition costs and other construction costs not funded by the HUD Capital Advance or other financing sources.

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

Section 33433 of the California Health and Safety Code requires the Agency to identify the value of the interests being conveyed at the highest use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan. The valuation must be based on the assumption that the Site is vacant and that near-term development is required; but the valuation does not take into consideration any extraordinary use, quality and/or income restrictions that will be imposed by the Agency.

Overland, Pacific and Cutler, Inc., the Agency's appraiser, prepared an appraisal for the Site dated February 17, 2004. The appraisal concluded that both residential and commercial vacant land is valued at \$25 per square foot of land area. Based on that conclusion, the value of the 1.92-acre Site is \$2.09 million.

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

Keyser Marston Associates, Inc. (KMA), the Agency's financial consultant, prepared a financial analysis of the Project dated July 20, 2004. The KMA analysis established the fair reuse value of the Site based on the requirements imposed by the Agreement. The analysis concluded that the Project generates a negative land value in the amount of \$4.74 million. This means that the Project requires the Site to be donated at no cost, plus \$4.74 million in direct financial assistance to achieve financial feasibility.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement allows the Developer to construct a medium density residential development, which represents the highest and best use of the Site. However, the Agreement requires the Developer to impose long-term income and affordability restrictions on the Project. The revenue loss associated with the requirements reduces the Site's value from \$2.09 million at the highest use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan, to the established fair reuse value of negative \$4.74 million.

The Agreement requires the Agency to incur an estimated \$4.74 million in net costs, which is equal to the financial gap identified in the KMA financial analysis. In addition, the Agency is entitled to receive repayment of the Agency Loan, or the Agency has the option to purchase the Project at the end of the covenant period at no cost in return for forgiving any outstanding balance on the Agency Loan. Thus, it can be concluded that the Agency is receiving fair consideration for the interests being conveyed to the Developer.

VI. BLIGHT ELIMINATION

The Project consists of at least 73 residential units, all but one of which must be rented to very-low income households as defined in California Health and Safety Code Section 50105. In accordance with California Redevelopment Law, as portrayed in the California Health and Safety Code Section 33433, the sale of property that results in the provision of housing for low or moderate income persons satisfies the blight elimination criteria imposed by Section 33433. Thus, the Project fulfills the blight elimination requirement.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

On November 1999, the Agency adopted an updated Implementation Plan for the Central Long Beach Redevelopment Project Area. This Plan identifies several goals and objectives to alleviate remaining blight within the project areas. The Project fulfills the following stated objectives:

1. The implementation of the Agreement will consolidate multiple parcels under one ownership, and eliminate the blighting influence created by the existing mix of physically and functionally obsolete structures.
2. The Project will increase the affordable housing stock within the Central Long Beach Redevelopment Project Area.

RESOLUTION NO. C-

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING THE PROPOSED
DISPOSITION AND DEVELOPMENT AGREEMENT
BETWEEN THE REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH, CALIFORNIA, AND MENORAH
HOUSING FOUNDATION, INC.; FINDING THAT THE
CONSIDERATION FOR THE CONVEYANCE OF CERTAIN
REAL PROPERTY IN THE CENTRAL LONG BEACH
REDEVELOPMENT PROJECT IS NOT LESS THAN FAIR
MARKET VALUE IN ACCORDANCE WITH COVENANTS
AND CONDITIONS GOVERNING SUCH CONVEYANCE;
AND APPROVING THE CONVEYANCE OF THE
PROPERTY AND 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 (the
"Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency
proposes to convey 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, Menorah Housing Foundation, Inc., (the "Developer"), has
submitted to the Agency a written offer in the form of a Disposition and Development

1 Agreement to purchase the Property for not less than fair market value for uses in
2 accordance with the Redevelopment Plan and the covenants and conditions of the
3 Disposition and Development Agreement; and

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

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

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

15 WHEREAS, the Agency has certified Mitigated Negative Declaration No.
16 16-04 pursuant to the California Environmental Quality Act and the City Council has
17 considered such document in its review of the proposed conveyance; and

18 WHEREAS, pursuant to the provisions of the California Community
19 Redevelopment Law, the City Council of the City of Long Beach held a public hearing
20 on the proposed conveyance of the Property and the proposed Disposition and
21 Development Agreement after publication of notice as required by law; and

22 WHEREAS, the City Council has duly considered all terms and conditions
23 of the proposed conveyance and believes that the redevelopment of the Property
24 pursuant to the proposed Disposition and Development Agreement is in the best
25 interests of the City and the health, safety, morals and welfare of its residents and in
26 accord with the public purposes and provisions of applicable Federal, State and local
27 law.

28 ////

1 NOW, THEREFORE, the City Council of the City of Long Beach resolves
2 as follows:

3 Section 1. The City Council finds and determines that the consideration
4 for conveyance of the Property pursuant to the Disposition and Development
5 Agreement is not less than fair market value in accordance with covenants and
6 conditions governing the conveyance, and the Council further finds and determines that
7 the consideration for the conveyance of the Property, determined at the highest and
8 best use under the Redevelopment Plan, is necessary to effectuate the purposes of the
9 Redevelopment Plan for the Project.

10 Sec. 2. The conveyance of the Property by the Agency to Developer
11 and the Disposition and Development Agreement which establish the terms and
12 conditions for the conveyance and development of the Property are approved.

13 Sec. 3. The conveyance and development of the Property shall
14 eliminate blight within the Project Area and is consistent with the implementation plan
15 for the Project adopted pursuant to Health and Safety Code Section 33490.

16 Sec. 4. The City Council further authorizes the City Manager to
17 execute the lease and sublease between the City and the Agency, plus any additional
18 agreements necessary to implement the Disposition and Development Agreement.

19 Sec. 5. This resolution shall take effect immediately upon its
20 adoption by the City Council, and the City Clerk shall certify to the vote adopting this
21 resolution.

22

23 I hereby certify that the foregoing resolution was adopted by the City
24 Council of the City of Long Beach at its meeting of _____, 2004, by the

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Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

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following vote:

Ayes:

Councilmembers:

Noes:

Councilmembers:

Absent:

Councilmembers:

City Clerk

HAM:fl

7/13/04; rev. 8/26/04

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#04-02978

H-2

October 7, 2004

Long Beach Redevelopment Agency
333 W. Ocean Blvd.
Long Beach, Ca. 90802

Barbara Kaiser, Bureau Manager

Re: Redevelopment Agreement
Atlantic and Vernon

Dear Members of the Board:

I am the owner of the properties at 537, 539, 541, 543, 545, 549 Vernon Ave. I have met with Barbara Kaiser on a number of occasions and am told, and understand that the Project and Development and Disposition Agreement do not include my properties, and for that, I am pleased.

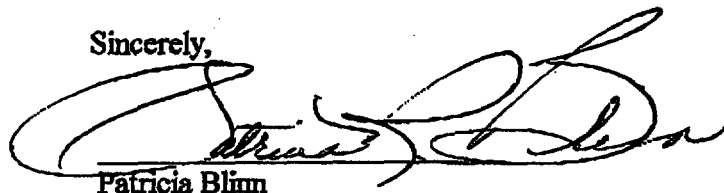
However, I am also informed that the development agreement includes the vacation of Vernon Street on which my property fronts. My properties, consisting of six units, have used, and continue to use, that public street for ingress and egress, both vehicularly and physically. These units have no other vehicular access. These units also use the public parking on the street, as do the other properties. I must object to the taking of my property rights to use this street.

Barbara Kaiser and I have met, and continue to meet, to reach an agreeable solution which will provide for my property adequate and appropriate pedestrian and vehicular access and parking for my tenants. As of this writing, I await re-drawn plans from Barbara Kaiser for me to review.

I must object to the Development Agreement as presently written, as it deprives me of my property rights. I request that the Agreement be denied or continued until I can be assured of the protection of my rights.

I look forward to meeting with Barbara Kaiser to try to reach an agreeable solution.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patricia Blinn', is written over a horizontal line. The signature is stylized with large, flowing loops.

Patricia Blinn

H-2

October 14, 2004

Honorable Mayor and Members of the City Council
333 W. Ocean Ave.
Long Beach, Ca.

Re: Public Hearing 10/19/04
Redevelop. Agreement
Vernon/Atlantic

Dear Mayor and Members of the Council:

I am the owner of the properties at 537, 539, 541, 543, 547, 549 Vernon Ave., as well as the properties abutting it that front on Willow Street, which comprise of 28 dwelling units. My husband and I have owned these properties for 30 years.

I have been meeting with the Redevelopment Bureau Manager on a number of occasions and understand that the Development and Disposition Agreement does not include any of our property-and for that, we are pleased.

However, I am also informed that the development agreement includes the vacation of Vernon Street on which part of our property fronts. My property on Vernon consists of six units, and its tenants use, and continue to use, that public street for ingress and egress, both vehicularly and physically. These units have no other vehicular access. These units also use the public parking on the street, as do the other properties. I must object to the taking of my rights to use this street.

I am advised by the Redevelopment Agency that the vacation of the street would require a public hearing and council action, and that I would have the right to object at that time, but it is unknown when such might occur, and I feel that I must convey my situation and objection at this time, since the agreement includes the vacation as part of the development package.

The Redevelopment Bureau Manager, Barbara Kaiser and I have met, and continue to meet to reach an agreeable solution which will provide for my property adequate and appropriate pedestrian and vehicular access and parking for my tenants. As of this writing, I await re-drawn plans from Barbara Kaiser for me to review.

I object to The Development Agreement as presently written, as it deprives me of my property rights. I must request that The Agreement be denied or continued until I can be assured of the protection of my rights.

Sincerely,

