



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

C-9

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

June 14, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution to extend the time to June 23, 2010, in which properties at 224-248 E. Broadway, acquired with Redevelopment Set-Aside Funds, can be held by the Long Beach Housing Development Company. (District 2)

DISCUSSION

In 1999, the Long Beach Redevelopment Agency (Agency) acquired the properties located at 224-248 East Broadway and 133 North Long Beach Boulevard for the purpose of developing a residential loft project, containing approximately 40 units, with ground floor retail. The Agency initiated a search for a qualified developer and selected Hansen Enterprises, who later partnered with Greystone Homes (now Lennar Southcoast).

In order to increase the supply of affordable housing in downtown Long Beach, the Agency also partnered with The Long Beach Housing Development Company (LBHDC), and agreed to sell 248 East Broadway to the LBHDC for a purchase price of \$1,039,394. In exchange for LBHDC's investment in the project, the Agency agreed to restrict approximately 10 units in the proposed loft project to low- and moderate-income households. The LBHDC purchased the site from the Agency on June 23, 2000.

The Agency has attempted to develop a mixed-use project first known as American Hotel Lofts and then as Broadway Lofts with the LBHDC and two different developers. The last Agreement to Negotiate Exclusively expired in 2002. While not formally renewed, Agency staff continued negotiations with Lennar Southcoast. However, after more than two years of diligent effort, it appears that the site is simply too small to accommodate a financially viable project given the constraints of providing adequate parking and preserving the American Hotel façade, which was required by the Cultural Heritage Commission.

California Health and Safety Code Section 33334.16 requires that property acquired with Redevelopment Set-Aside Funds for low- and moderate-income housing be developed for such housing within five years, unless such time period is extended by the City Council. The site is included in a Request for Proposals issued on May 2, 2005

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by the City and Agency for City Hall East and various other sites along Long Beach Boulevard, including 248 East Broadway. The property will likely be assembled along with other adjoining properties for residential use. According to State law, if the City Council does not grant the extension, the property will be sold and the proceeds from the sale will be deposited in the low- and moderate-income Housing Fund. It is recommended, therefore, that the City Council grant the extension to allow for the highest and best disposition of the property.

This letter was reviewed by Deputy City Attorney Everett Glenn on May 26, 2005, and Budget Management Officer David Wodynski on June 2, 2005.

TIMING CONSIDERATIONS

City Council action is requested at the June 14, 2005 meeting in order to comply with California Health and Safety Code Section 33334.16.

FISCAL IMPACT

There is no fiscal impact associated with the proposed action. However, should the extension not be granted and the property be sold as a stand alone parcel, there is a high probability that the City will not benefit from the maximum return on its initial investment.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CRAIG BECK

ACTING DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER

CB/ES/PCU/pnh

Attachment: Resolution