

# CITY OF LONG BEACH

# R-22

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 West Ocean Boulevard 3<sup>rd</sup> Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

May 24, 2016

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach  
California

## RECOMMENDATION:

Adopt Specifications No. RFP EP16-001 for the purchase and development opportunity at 5100 Long Beach Boulevard, Assessor Parcel Numbers 7131-032-900, 905, 908, 909, 910, 911, 912, 913 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize the City Manager, or designee, to execute any and all necessary documents including a Purchase and Sale Agreement (PSA) with City Ventures, LLC, a Delaware limited liability company, or affiliate (Buyer/Developer), for the sale of the Subject Property in the amount of \$2,500,000; and,

Accept Categorical Exemption CE 16-108. (District 8)

## DISCUSSION

The City of Long Beach (City) currently owns the Subject Property located at 5100 Long Beach Boulevard prominently located along the easterly side of Long Beach Boulevard between Home Street and Sunset Street (Exhibit A). The Subject Property is approximately 75,376 square feet and is assembled into nearly a block of vacant land. Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development," allowing for the disposition of the Subject Property through a Request for Proposals (RFP) process for development consistent with the vision and intent of the North Long Beach Redevelopment Project Area and its guiding documents. As further required in the LRPMP, the Subject Property has been conveyed to the City and is now a City-owned asset.

The RFP was advertised in the Long Beach Press-Telegram on October 8, 2015, and 6,779 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 79 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid

Opportunities, which is sent to 22 local, minority and women-owned business groups. Three proposals were received on January 11, 2016. Of those three proposals, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), Small Business Enterprises (SBEs), or Long Beach businesses (Locals).

### **Local Business Outreach**

In an effort to align with our outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the RFP specifications. Through outreach, 720 Long Beach vendors were notified to submit proposals, of which 13 downloaded and none submitted a proposal. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A panel consisting of representatives from the Departments of Development Services and Economic and Property Development and an outside real estate economics consultant, reviewed the three submittals. The panel unanimously selected the proposal submitted by Buyer/Developer and is recommending that City Council select the Buyer/Developer as the City's preferred proposer and authorize execution of a PSA for sale and development of the Subject Property. The project proposed by the Buyer/Developer provides a for-sale, moderately dense, limited-height, live/work urban townhome project with clustered massing toward the corner of Sunset Street and Long Beach Boulevard (Project). The Project consists of 42 townhomes with each having their own two-car garage with an additional 35 guest parking spaces. The Project design integrates well in relation to surrounding single family homes, offers a well-balanced land use transition and complements the surrounding single family home neighborhood. A project rendering is attached as Exhibit B.

The Buyer/Developer is a privately-held, well-capitalized mixed-use urban infill developer/building real estate investment and development company established in 2009 and based in Irvine, CA. The Buyer/Developer and their team members have extensive experience in development, redevelopment, and construction in coastal urban infill areas throughout California. The Buyer/Developer estimates total development costs of \$15.6 million and the creation of an estimated 115 temporary jobs and approximately four permanent jobs. Additionally, there is expected to be positive indirect impacts to local business as a result of the increased residential density. The Buyer/Developer is currently also pursuing building permits for a project at Broadway and Elm Avenue.

The Purchase Price proposed for the property is \$2.5 million, or \$33 per square foot. This is not the highest price offered for the property; however, the proposal presented by the Buyer/Developer, provides the highest amount of net proceeds generated from the sale. Additionally, staff believes the Buyer/Developer provides the best project for the City.

The Buyer/Developer shall provide an Initial Deposit of \$50,000 at opening of escrow. The Initial Deposit will be used by the City to pay for its outside attorney and third-party consultant reasonable fees, if any, and such other costs as City and Buyer/Developer agree will be paid from the Initial Deposit. If the PSA is terminated, any remaining amounts of the Initial Deposit shall be returned to Buyer/Developer. At the Close of Escrow, any remaining amounts of the Initial Deposit shall be applied to the Purchase Price.

Other general terms and conditions are as follows:

- Seller: City of Long Beach, a municipal corporation.
- Buyer/Developer: City Ventures, LLC, a Delaware limited liability company.
- Purchase Price: \$2,500,000.
- Initial Deposit: \$50,000 due at opening of escrow, which will be used to fund outside attorney and consultant costs, if any, during the Entitlement Period.
- Due Diligence Period: 90 days (3 months) from opening of escrow. Buyer/Developer will accept the property in an as-is condition and release the City from all liability.
- Entitlement Period: 365 days (12 months) from opening of escrow to complete the entitlement process, including Site Plan Review, and CEQA Analysis.
- Close of Escrow/Start Date: 30 days after completion of Entitlements, but no later 18 months from opening of escrow.

The Buyer/Developer anticipates 18 months to complete Project construction. With this schedule, anticipated occupancy would occur in Fall of 2018.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, in accordance with past practice, a memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-108 (Exhibit C), was completed related to the proposed transaction on May 3, 2016.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 2, 2016 and by Revenue Management Officer Julissa Jose-Murray on May 6, 2016.

#### TIMING CONSIDERATIONS

City Council consideration of this Project is requested on May 24, 2016, to ensure that development on the Subject Property can occur in a timely manner.

FISCAL IMPACT

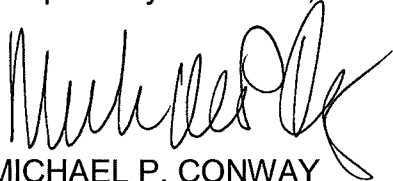
The costs associated with the City's outside attorney and consultant fees, if any, through termination of the PSA or the close of escrow, whichever first occurs, will be reimbursed from the Initial Deposit.

Sale proceeds of \$2,500,000, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. The net proceeds available for remittance is estimated to be \$2,100,000. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds. Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former North Long Beach Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

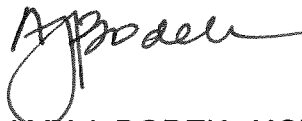
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY  
DIRECTOR OF ECONOMIC  
AND PROPERTY DEVELOPMENT



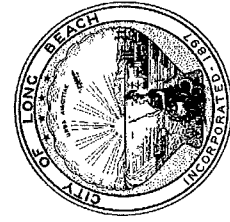
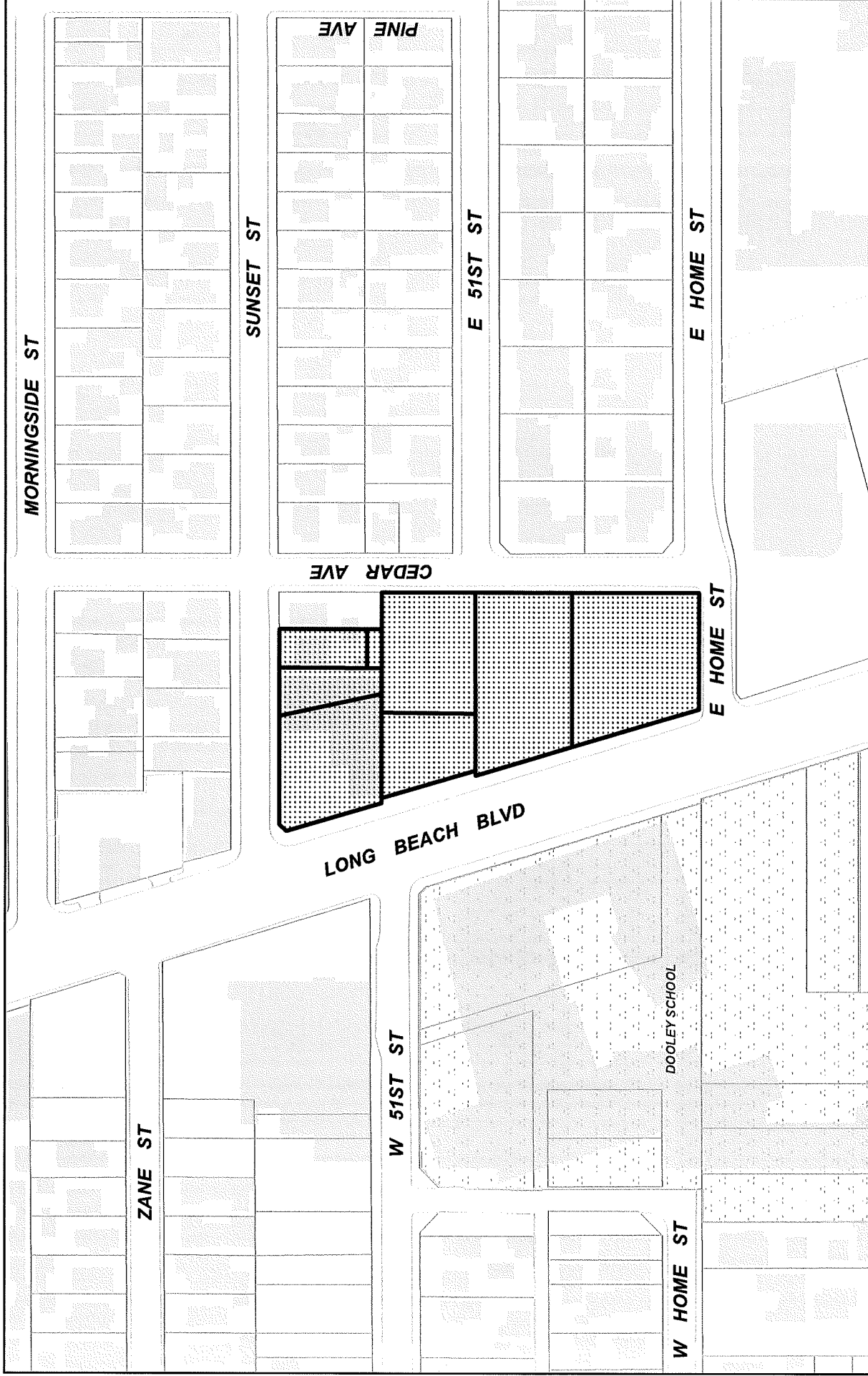
AMY J. BODEK, AICP  
DIRECTOR OF  
DEVELOPMENT SERVICES

MPC:AJB:MFT

Attachments: Exhibit A – Subject Property Map  
Exhibit B – Project Rendering  
Exhibit C – Categorical Exemption CE 16-108

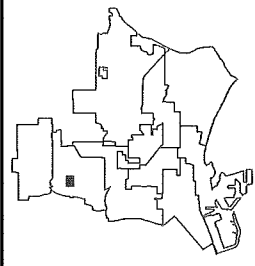
APPROVED:

  
PATRICK H. WEST  
CITY MANAGER



**Subject Property:**  
5100 Long Beach Blvd  
AIN: 7131-032-900, 905, 908~913  
Council District : 8

## Exhibit A



Conceptual Elevation #1



Conceptual Elevation #2



EXHIBIT B

5100 Long Beach Boulevard CONCEPTUAL ELEVATIONS



City Ventures



EXHIBIT C  
**NOTICE of EXEMPTION from CEQA**

DEPARTMENT OF DEVELOPMENT SERVICES  
333 W. OCEAN BLVD., 5<sup>TH</sup> FLOOR, LONG BEACH, CA 90802  
(562) 570-6194 Fax: (562) 570-6068  
lbds.longbeach.gov

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

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

☐ L.A. County Clerk  
Environmental Fillings  
12400 E. Imperial Hwy., Room 1201  
Norwalk, CA 90650

Project Title: CE- 16-108

Project Location/Address: 5100 Long Beach Boulevard (Assessor Parcel Numbers 7131-032-900, -905, -908, -909, -910, -911, -912, -913,

Project Activity/Description: Transfer of ownership of approximately 75,376 square feet of property owned by the City of Long Beach, located at 5100 Long Beach Boulevard (Assessor Parcel Numbers 7131-032-900, -905, -908, -909, -910, -911, -912, -913,

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

Applicant Name: City of Long Beach, as Successor Agency to the Redevelopment Agency of Long Beach

Mailing Address: 333 West Ocean Blvd., 3<sup>rd</sup> Floor, Long Beach, CA 90802

Phone Number: 562-570-6846

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 15301 and 15308

Statement of support for this finding: \_\_\_\_\_

This activity qualifies for a  
Categorical Exemption with Class 1  
and Class 8 as the appropriate  
exemptions.

Contact Person: Craig Chalfant Contact Phone: 562-570-6368  
Signature: *[Handwritten Signature]* Date: 5/3/16