



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

July 19, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a Purchase and Sale Agreement and Quitclaim Deed, by and between the City of Long Beach and the Long Beach Housing Development Company, a non-profit public benefit corporation, and all related documents necessary for conveyance of the City-owned land and improvements at 2640-2644 Anaheim Street. (District 4)

DISCUSSION

On April 8, 2004, the City of Long Beach purchased property located at 2640-2644 Anaheim Street (Site) at a Los Angeles County Sheriff's Sale resulting from delinquent earthquake loan assessments and property tax payments. The Site measures approximately 5,850 square feet (see attached) and contains a two-story 11,700 square foot building known as the Palace Hotel. The second floor of the Palace Hotel contains 24 vacant hotel rooms and a vacant on-site manager unit. The ground floor is divided into four retail/commercial units.

On December 7, 2004, the City Council approved a month-to-month rental agreement for 1,107 square feet of ground floor space with Marjorie Freeman, DBA Family Nutrition Center (FNC). FNC occupied the Site prior to the City's acquisition and is the sole tenant in the building. FNC pays \$750 per month in rent and is responsible for its own utility payments. The City is responsible for property maintenance and water costs of approximately \$270 per month.

Since the acquisition of the Site, the City has paid \$10,610 in property maintenance costs and \$66,510 in earthquake assessments. Future earthquake assessment payments are due in two installments each year through 2015. The earthquake assessments are calculated using an 11 percent interest rate, reflecting market conditions for such coverage. The earthquake assessments could be pre-paid for a lump sum payment of \$167,500, if executed during July 2005.

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On June 15, 2005, during closed session, the Long Beach Housing Development Company (LBHDC) Board of Directors approved the acquisition of the Site from the City for development of a special needs housing project targeting emancipated youth.

A proposed Purchase and Sale Agreement would contain the following terms:

- Seller: City of Long Beach.
- Buyer: Long Beach Housing Development Company, a non-profit public benefit corporation.
- Condition: Buyer accepts the Site in its "as-is" condition.
- Sale Price: The purchase price of approximately \$247,620 will include reimbursement of \$77,120 to the City of Long Beach for property maintenance and earthquake assessment costs; payment of \$167,500 for payoff of future earthquake assessment costs; and payment of approximately \$3,000 in escrow and closing costs.

City Council approval of the recommended action will aid in the development of a nearly vacant property and assist in providing a needed service to the community. The City will also be released from continued maintenance expenses, future earthquake assessment costs, and potential future liability.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on July 5, 2005 and Budget Management Officer David Wodynski on July 8, 2005.

TIMING CONSIDERATIONS

City Council action is requested on July 19, 2005, to complete this action in a timely manner.

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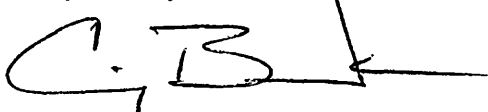
FISCAL IMPACT

Revenue of approximately \$77,120 for reimbursement of property maintenance and past earthquake assessment costs will be deposited into the General Fund (GP) in the Department of Community Development (CD). Revenue of approximately \$167,500 for payoff of future earthquake assessments will be deposited into the Earthquake Assessment District Agency Fund (AG 452) in the Department of Financial Management Citywide (XC).

SUGGESTED ACTION

Approve recommendation.

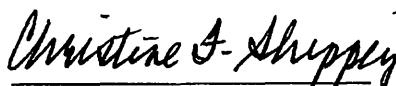
Respectfully submitted,



CRAIG BECK
ACTING DIRECTOR OF
COMMUNITY DEVELOPMENT

CB:JMLR:lel
7.19.05 CC Ltr 2640 Anaheim
Attachment

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER