

R-38

October 5, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution declaring City-owned property located at 854 East 7th Street (APN 7274-019-900) (Subject Property) as "exempt surplus land" as defined in Government Code Section 54221(f)(1)(A); and, authorize the City Manager, or designee, to take any actions and execute any documents necessary to ensure compliance with the Surplus Land Act and State regulations relating thereto. (District 1)

DISCUSSION

The City is currently fee owner of the former Long Beach Armory, located at 854 East 7th Street, APN 7274-019-900 (Subject Property) (Attachment A). The Subject Property is vacant and consists of an Armory building, garages, and parking lot. On May 8, 2020, the City posted Request for Proposals No. RFP ED20-041 (RFP) seeking qualified respondents to enter into a long-term lease and development opportunity to activate, develop, and restore the Subject Property consistent with local, State, and federal statutes for historically significant resources. As a result of the RFP process, the City selected the sole respondent, Gundry Partners, LP, dba Howard CDM (Howard CDM), who proposed a fee purchase of the Subject Property for an arts collective, which included market-rate housing with an affordable housing component.

On February 2, 2021, the City Council authorized Exclusive Negotiating Agreement No. 35865 (ENA) with Howard CDM to facilitate further negotiation and allow the City time to move the project forward while reconciling and complying with the California Surplus Land Act (SLA). Subsequently, Howard CDM revised its proposal and now intends to develop a 64-unit 100 percent affordable housing development, various improvements to Gumbiner Park, and adaptive reuse of the Armory building to accommodate arts-focused uses.

The SLA, as codified in Government Code Section 54220 *et seq.*, requires all agencies to prioritize affordable housing as well as parks and open space, when disposing of surplus land. Surplus land is land owned by a local agency that is determined to be no longer necessary for the agency's use. Recent changes to the SLA, through Assembly Bill (AB) 2135, (i) revise procedures for disposition by sale or lease of surplus land by local agencies; (ii) extend the good faith negotiation period with potential affordable housing developers to 90 days; (iii) deepen affordability requirements where an affordable housing project is developed on the site; and, (iv) add a requirement that if negotiations with an affordable housing developer are unsuccessful, then any residential development on the surplus land over ten units must make at least 15 percent of the units affordable. Further, AB 2135 no longer allows exceptions and requires local agencies to adopt a Resolution declaring property "surplus" or "exempt surplus" as supported by findings at a regular public meeting of the agency's governing body.

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The City considers the Subject Property to be exempt surplus land, as defined by Government Code Section 54221(f)(1)(A), and to proceed with disposition, the following findings must be made by the City Council, as the legislative body of the City:

- The Subject Property has a zoning designation of PD-30. Development proposals for the Subject Property were solicited pursuant to a competitive process, Howard CDM submitted the only proposal, and thereafter, the ENA was executed. Negotiations have resulted in a mixed-use development proposal with 100 percent of the residential units being affordable. Therefore, the project qualifies as exempt surplus.
- The Subject Property consists of 72,710 square feet of building area. The proposed development on the Subject Property consists of 62,200 square feet of housing building area. Therefore, in accordance with Government Code Section 37364(b), not less than 80 percent of the area of the Subject Property will be used for the development of housing. Such ratio must not decrease during development of the Subject Property.
- 63 of the 64 proposed residential units on the Subject Property (except for one onsite manager's unit) will be deed restricted such that they will be made available only to lower income households, with at least 20 percent of the units affordable to very low income households. Therefore, in accordance with Government Code Section 37364(c), no less than 40 percent of the total number of developed housing units will be affordable to lower income households, and half of such 40 percent must be affordable to very low income households.
- The Subject Property will be subject to a recorded regulatory agreement that provides that, for 55 years after the issuance of a certificate of occupancy, the residential units may be rented only to persons or households of low- or very low-income, and such agreement must run with the Subject Property and be binding upon all future owners, in satisfaction of the requirements of Government Code Section 37364(d).

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 13, 2021 and by Budget Management Officer Rhutu Amin Gharib on September 15, 2021.

TIMING CONSIDERATIONS

City Council action is requested on October 5, 2021, to allow the City to implement actions necessary to comply with the SLA and continue the disposition process for the Subject Property.

FISCAL IMPACT

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



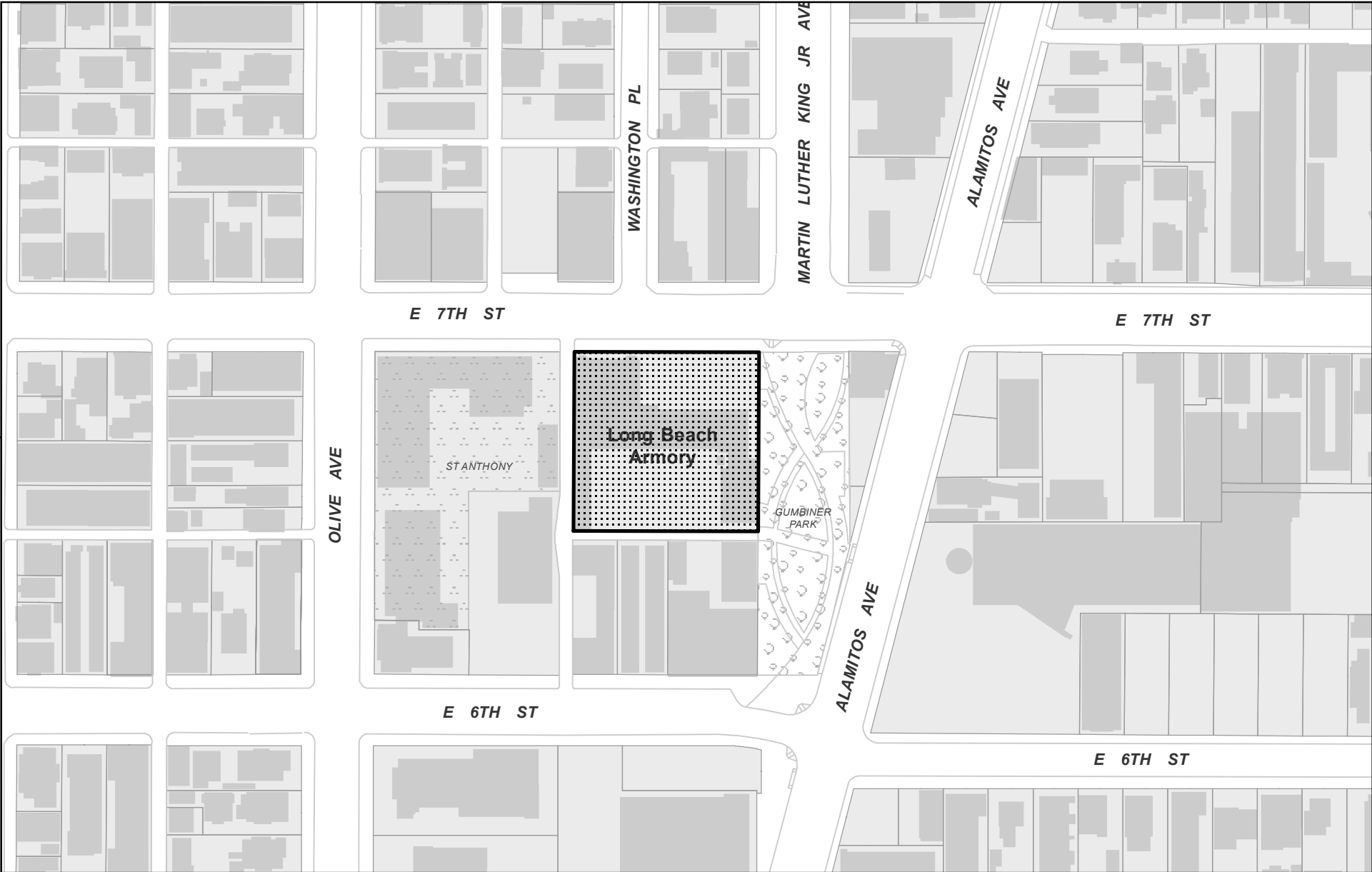
JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:



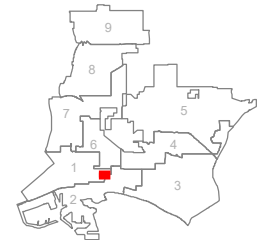
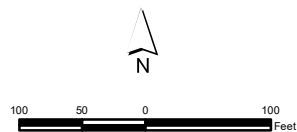
THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: RESOLUTION
A – SUBJECT PROPERTY MAP



Subject Property:
854 E 7th St
Council District : 1

Attachment A



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RESOLUTION NO.

A RESOLUTION OF THE CITY OF LONG BEACH,
DETERMINING A CITY-OWNED PARCEL LOCATED AT 854
E. 7TH STREET TO BE EXEMPT SURPLUS LAND
PURSUANT TO GOVERNMENT CODE SECTION
54221(f)(1)(A) AND DETERMINING THE PROJECT IS
EXEMPT FROM REVIEW UNDER THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT (CEQA)

WHEREAS, the City Council supports the provision of affordable housing,
and has taken several actions in furtherance thereof, including establishment of the Long
Beach Community Investment Corporation, creation of the Housing Trust Fund, and the
adoption of an inclusionary housing requirement for new development within the City; and

WHEREAS, after several decades of use as an armory, the State of
California returned certain real property located at 854 E. 7th Street to the City of Long
Beach (“Subject Property”); and

WHEREAS, after a competitive process soliciting development proposals for
the Subject Property, the City Council provided staff with direction to execute an Exclusive
Negotiating Agreement with Gundry Partners, LP (“Gundry”) to begin the process to sell or
lease the Subject Property for the construction of a mixed-use affordable housing
development; and

WHEREAS, Assembly Bills 1486 and 1255 amended the Surplus Land Act
to promote affordable housing development on surplus public land throughout the state to
respond to the existing affordable housing crisis; and

WHEREAS, the proposed project, which includes the transfer of land and
subsequent construction and operation of a mixed use affordable housing development
consisting of 64 units, is categorically exempt from the California Environmental Quality

1 Act (CEQA) pursuant to Section 15194, Affordable Housing Exemption, which applies to
2 projects that provide housing for low-income households, on a site that is less than five
3 acres and located in an urbanized area. The project is eligible for the streamlined
4 ministerial approval process established by Senate Bill (SB) 35. As such, the project is also
5 exempt from CEQA pursuant to Cal. Code Regs. tit. 14 § 15268, which states that
6 ministerial projects are exempt from CEQA.. Therefore, no further environmental review is
7 required;

8 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
9 follows:

10 Section 1. The City Council has determined the Subject Property, as more
11 particularly described on Exhibit "A" attached hereto, is exempt surplus land as defined in
12 Government Code Section 54221(f)(1)(A).

13 Section 2. Pursuant to Government Code Section 54221(f)(1)(A) and
14 Section 103(b)(3)(A) of the Surplus Land Act Guidelines issued by the California
15 Department of Housing and Community Development, "exempt surplus land" means and
16 includes surplus land that is transferred pursuant to Government Code Section 37364.
17 Subject to certain conditions, Section 37364 authorizes a city to sell, lease, exchange,
18 quitclaim, convey, or otherwise dispose of real property to provide housing affordable to
19 persons and families of low or moderate income. In accordance with Government Code
20 Section 37364, the City Council makes the following findings of fact:

21 A. The Subject Property has a zoning designation of PD-30.
22 Development proposals for the Subject Property were solicited pursuant to a
23 competitive process, Gundry submitted the only proposal, and thereafter an
24 Exclusive Negotiating Agreement was executed. Negotiations have resulted
25 in a mixed use development proposal with 100% of the residential units being
26 affordable. Therefore, the disposition of the exempt surplus land is in the
27 City's best interest to provide affordable housing.

28 B. The Subject Property consists of 72,710 square feet of building

1 area. The proposed development on the Subject Property consists of 62,200
2 square feet of housing building area. Therefore, in accordance with
3 Government Code Section 37364(b), not less than 80 percent of the area of
4 the Subject Property will be used for the development of housing. Such ratio
5 shall not decrease during development of the Subject Property.

6 C. 63 of the 64 proposed residential units on the Subject Property
7 (except for one on-site manager's unit) will be deed restricted such that they
8 will be made available only to lower income households, with at least twenty
9 percent (20%) of the units affordable to very low income households.
10 Therefore, in accordance with Government Code Section 37364(c), no less
11 than 40 percent (40%) of the total number of developed housing units will be
12 affordable to lower income households, and half of such 40 percent (40%)
13 shall be affordable to very low income households.

14 D. The Subject Property will be subject to a recorded regulatory
15 agreement which provides that, for 55 years after the issuance of a certificate
16 of occupancy, the residential units may be rented only to persons or
17 households of low or very low-income, and such agreement shall run with the
18 Subject Property and be binding upon all future owners, in satisfaction of the
19 requirements of Government Code Section 37364(d).

20 Section 3. This resolution shall take effect immediately upon its adoption
21 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

22 I hereby certify that the foregoing resolution was adopted by the City Council
23 of the City of Long Beach at its meeting of _____, 2021
24 by the following vote:

25
26 Ayes: Councilmembers: _____
27 _____
28 _____

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802

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Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
411 West Ocean Boulevard, 9th Floor
Long Beach, CA 90802

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EXHIBIT "A"

The Subject Property is situated in the State of California, County of Los Angeles, City of Long Beach, and is described as follows:

LOTS 1, 3, 5, 7, 9, 11, 13 AND 15 IN BLOCK 48 OF TOWNSITE OF LONG BEACH, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 91 TO 96, INCLUSIVE, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 7274-019-900

Street Address : 854 E. 7th Street, Long Beach, California