



Building A Better Long Beach

May 3, 2010

REDEVELOPMENT AGENCY BOARD MEMBERS
City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to enter into an Owner Participation Agreement with Philip Appleby, Harry Pickard and Diane Pickard, dba Armory Lofts, LLC, for the development of 837 East 7th Street. (Central – District 1)

DISCUSSION

The goals of the East Village Arts District Guide for Development include the development of new housing and the adaptive reuse of vacant commercial structures to artist live/work residential or loft units. To that end, the Redevelopment Agency (Agency) Board approved an Exclusive Negotiating Agreement (ENA) on April 7, 2008, with Philip Appleby, Harry Pickard and Diane Pickard, dba Armory Lofts, LLC (Participant), for the adaptive reuse of their vacant commercial building at 837 East 7th Street (Site) (Exhibit A – Site Map).

The adaptive reuse of the Participant's building includes the creation of four live/work units and rehabilitation of the exterior of the building (Project). Also contemplated in the ENA was the development of new residential units on the adjacent Agency-owned parcel at 825 East 7th Street. Due to the current economic climate, the new development of this parcel is cost prohibitive. Until the economy improves, the parcel will be used as a temporary residential parking lot in this parking impacted area of the City. The Agency's Parking Operations Division will offer monthly parking leases to neighborhood residents, except for 10 spaces that will be restricted for use by residents of the Project.

The Participant has obtained Building and Planning plan check approval for the Project. The units range between 1,300 and 1,800 square feet (Exhibit B – Project Photos and Rendering). The Participant's proforma has been reviewed by Keyser Marston Associates. The total development cost is \$1,122,590 with a feasibility gap of \$527,790. Staff recommends that the Agency enter into an Owner Participation Agreement (OPA) to provide funding to bring the Project to fruition.

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The terms of the OPA are as follows:

- Forgivable loan up to \$527,790 for costs to construct the project
- 15-year term and 3-percent interest rate
- Profit Participation - Agency receives 50 percent of Participant profit up to loan amount plus accrued interest if:
 - Annual net income exceeds \$53,532 (paid as applicable); or
 - Property is sold; or
 - Property is refinanced.
- Units are restricted to creative design professionals.
- Participant to provide lighting for adjacent Agency parking lot at Participant's expense.
- Participant may obtain profit from 10 parking spaces on adjacent Agency parking lot.
- Participant to relinquish entitlement to parking spaces when the Agency decides to develop the lot.

The OPA includes maintenance covenants that will be recorded on the Site as well as a schedule of performance that stipulates the commencement and completion of construction. Since the OPA does not involve the conveyance of Agency land, a public hearing is not required.

On April 1, 2010, the Central Project Area Committee approved a recommendation to support the OPA.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK
EXECUTIVE DIRECTOR

AJB:LAF:DSW:JMV

Attachments: Exhibit A – Site Map
Exhibit B – Project Photos and Rendering

SITE MAP

Exhibit A



Exhibit B ARMORY LOFTS Auto Body Shop to Live/Work

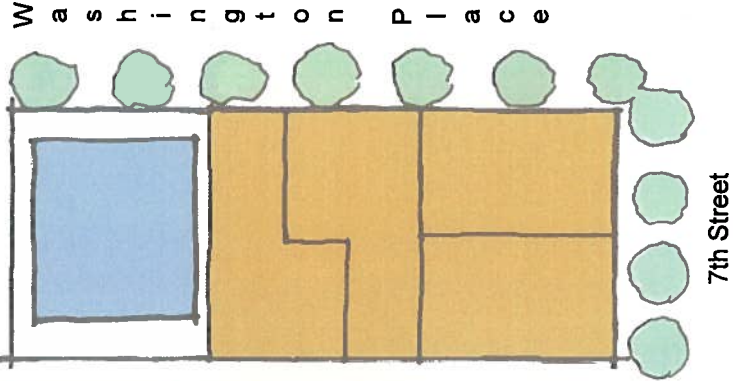


East Village Lofts

Jet Studios

Subject Site

Existing Conditions



ADAPTIVE REUSE LIVE/WORK CONVERSION

- Unit 1 = 1,356 SF
- Unit 2 = 1,496 SF
- Unit 3 = 1,556 SF
- Unit 4 = 1,805 SF

