



CITY OF LONG BEACH

H-2

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 4th Floor Long Beach, CA 90802 Phone: 570.6615 Fax: 570.6215

June 16, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the public hearing, and adopt the attached resolution making certain findings; and

Authorize the Executive Director to execute a Disposition and Development Agreement with Maeva Aline and the Long Beach Redevelopment Agency for development of residential property at 543 Daisy Avenue. (District 1)

DISCUSSION

The Long Beach Redevelopment Agency (Agency) staff has concluded the negotiation of a Disposition and Development Agreement (Agreement) with Maeva Aline (Developer) for the sale and development of Agency-owned property located at 543 Daisy Avenue (Property), Assessor Parcel Number 7278-028-900 (Exhibit A – Site Map). The site is located in the Central Long Beach Redevelopment Project Area (Project Area).

Pursuant to one of the goals of the Willmore District Implementation Plan, the Agency acquired property in the Willmore City Historic District for rehabilitation of vintage historic structures. The Agreement proposes renovation and restoration of the interior and exterior of the Property in a historically appropriate manner. The renovations will be consistent with the architectural style of the existing contributing properties in the surrounding neighborhood.

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$27.59 per square foot, or \$25,000, as compensation for the 906 square-foot residential structure.
- The Developer has provided evidence of financing for the development of the Property. The Developer must secure a Certificate of Completion within 12 months of the date of the Agreement.

- An Agreement Containing Covenants will be recorded at closing. This document will prohibit certain uses, describe maintenance responsibilities and levels of rehabilitation and maintenance, and require that any future improvements be subject to the Design Guidelines for the historic district and the Project Area.

The City's Environmental Planning Officer has determined that the project contemplated by the Agreement qualifies for a Categorical Exemption under the California Environmental Quality Act (Exhibit B – Categorical Exemption).

Since the property was purchased by the Agency with tax increment monies, California law requires that this sale must also be approved by the City Council by resolution after a public hearing.

Pursuant to California Redevelopment Law, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit C – Section 33433 Summary Report) that contains the following:

- The estimated value of the interest to be conveyed, determined at the highest and best use permitted under the Redevelopment Plan.
- The estimated value of the interest to be conveyed and with the conditions, covenants and development costs required by the Agreement.
- The purchase price.
- The cost of the Agreement to the Agency.
- The net cost/benefit to the Agency.
- An explanation of why the sale of the site will assist in the elimination of blight.
- An explanation of why the sale of the site is consistent with the Agency's AB 1290 Implementation Plan.

This letter was reviewed by Chief Assistant City Attorney Heather A. Mahood on May 26, 2009 and by Performance Management Budget Manager David Wodynski on May 27, 2009.

TIMING CONSIDERATIONS

City Council action is requested on June 16, 2009, as the Agency and Developer wish to proceed with an escrow closing on or before July 15, 2009.

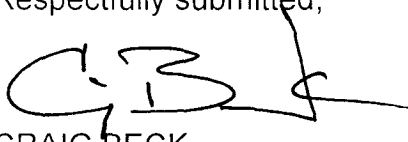
FISCAL IMPACT

The proceeds of \$25,000 from the proposed sale will be deposited into the Redevelopment Agency Fund (RD) in the Department of Development Services (DV). The Developer will purchase the property with private funds. There is no impact to the General Fund (GP).

SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,




CRAIG BECK
EXECUTIVE DIRECTOR

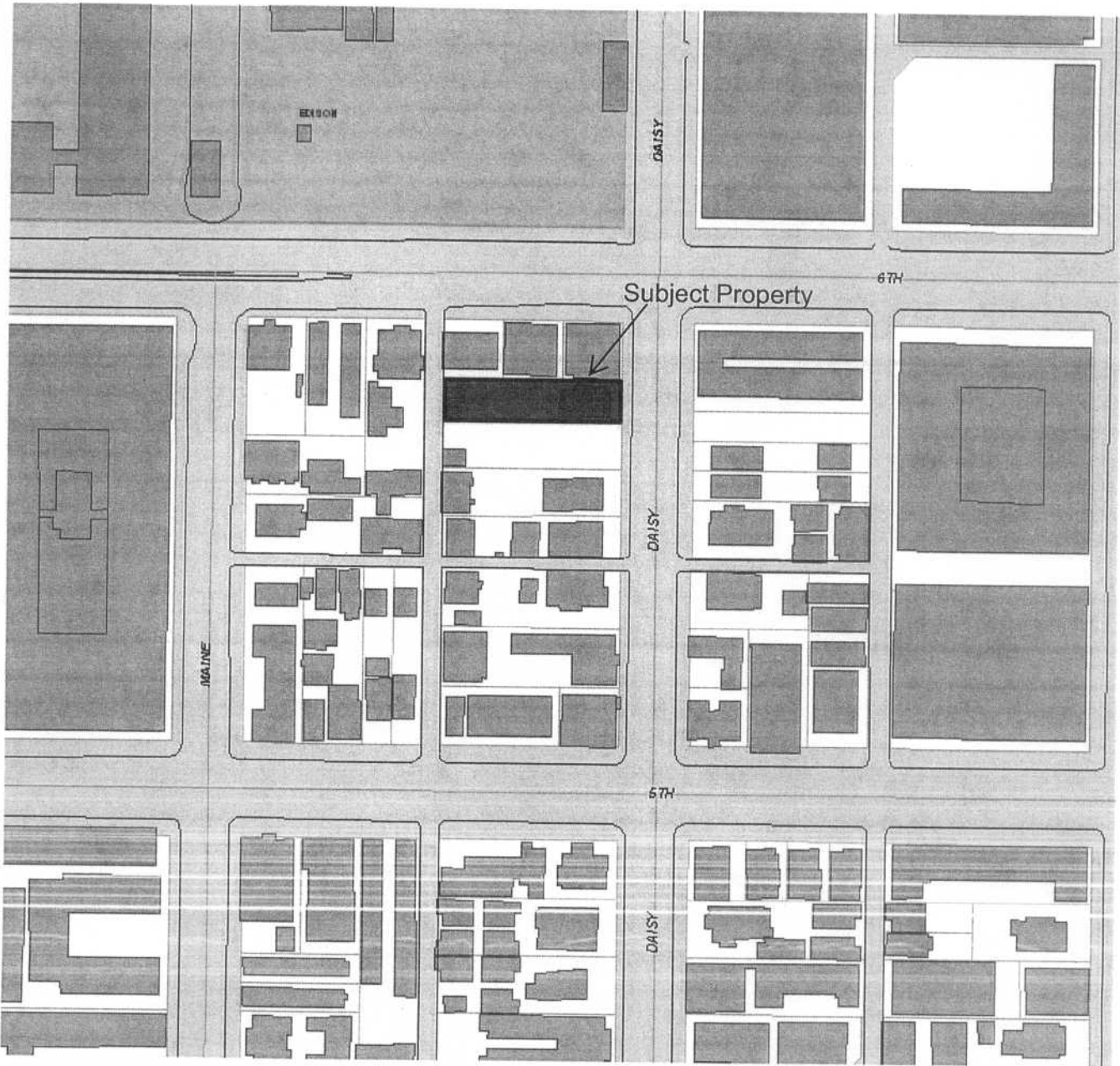
CB:AJB:DSW:TF

- Attachments: City Council Resolution
Exhibit A – Site Map
Exhibit B - Categorical Exemption
Exhibit C - Section 33433 Summary Report

APPROVED:



PATRICK H. WEST
CITY MANAGER



Disclaimer

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CITY OF LONG BEACH NOTICE OF EXEMPTION

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH 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, 5th Floor
Long Beach, CA 90802

L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Categorical Exemption CE- _____

Project Location/Address: 543 Daisy Avenue, Long Beach, CA 90802

Project/Activity Description: Reconstruction of a 906 sq. ft. residential structure, Type I, Non-rated

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

Applicant Name: Long Beach Redevelopment Agency

Mailing Address: 333 W Ocean Blvd., Long Beach, CA 90802

Phone Number: 562.570.6393

Applicant 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 15331, Class 31, Historic Resource

Restoration/Rehabilitation

Statement of support for this finding: Rehabilitation of existing residential structure consistent with the Secretary of the Interior Standards for Historic Properties and Buildings.

Contact Person: Craig Chaffant

Contact Phone: 562-570-6368

Signature: [Handwritten Signature]

Date: 4/29/09

Exhibit C

**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON A
DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH CALIFORNIA
AND
MAEVA ALINE**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) between the Redevelopment Agency of the City of Long Beach California (Agency) and Maeva Aline (Developer). The Agreement requires the Developer to renovate the single-family home located at 543 Daisy Street (Site) in accordance with a defined scope of development.

INTRODUCTION

The Agency created a program to preserve and restore historically significant single-family homes in the Drake Park / Willmore City Historic Landmark District. The Agency program requires the "Historic House" to be sold to persons that will agree to renovate the structure to a standard defined by the Agency. In June 2008, the Agency distributed a request for proposals (RFP) for four homes. The Developer was selected to purchase and restore the home located on the 543 Daisy Street Site (Project).

This Summary Report is based upon information contained within the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Developer and the Agency by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the Agency associated with implementing the Agreement.
- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Central Long Beach Redevelopment Project Area (Project Area) Redevelopment Plan.

- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Project based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Agency, and explains any difference between the compensation to be received and the established value of the Project.
- VI. **Blight Elimination:** This section describes the existing blighting conditions, and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Agency's adopted AB1290 Implementation Plan for the Project Area.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. **SALIENT POINTS OF THE AGREEMENT**

A. **Developer Responsibilities**

- 1. Prior to conveyance, the Developer must complete the following activities:
 - a. A \$5,000 Performance Deposit was provided at the commencement of the Agreement to Negotiate Exclusively (ANE) period. This deposit must remain in place until the property is conveyed to the Developer.
 - b. The Developer must prepare and submit site plans, elevations and related documents for the Project to the Cultural Heritage Commission. This approval was received prior to the execution of the Agreement.
 - c. Evidence of financing must be provided for the Agency Executive Director's approval.
 - d. The Developer must obtain Building Permits from the City of Long Beach (City).
- 2. The Developer must accept the Site and the Historic House in an "as is" condition:
 - a. The Developer will have approved the environmental, geological and soils conditions of the Site prior to DDA execution.

- vi. Construct a Code compliant two-car garage consistent with the character of the Historic House.
 - c. The Developer must fund 100% of the renovation costs that are not specifically assigned to the Agency in the Agreement.
 - d. The renovation improvements must be completed within one-year following the Site's conveyance to the Developer. This deadline can be extended for up to 180 days at the Agency Executive Director's sole discretion.
 - e. The Developer indemnify and hold the Agency and City harmless from any claims related to State Labor Code Section 1720.
6. The Developer must maintain the Project in accordance with the design guidelines for the Drake Park / Willmore City Historic Landmark District.
7. Through the end of 2046, the Developer must agree that the "Taxable Assessed Value" to be used by the Los Angeles County Assessor shall be the greater of the following dollar amounts:
 - a. The existing Taxable Assessed Value of the Project; or
 - b. The sum of the purchase price for the Site plus the value of the Historic House after the completion of the required renovation improvements.

B. Agency Responsibilities

The Agency has already acquired the Site and completed the required relocation activities. The Agreement imposes the following additional responsibilities on the Agency:

1. The Agency must provide landscaping improvements on the Site:
 - a. The Agency has completed the landscape design plans, and the Developer has approved the plans.
 - b. The Agency must cause the landscaping improvements to be installed at the Agency's cost.
2. Promptly after the Project construction is completed, and 30 days after a Notice of Completion has been filed in accordance with Civil Code Section 3093, the Agency Executive Director must furnish a Certificate of Completion to the Developer.

II. COST OF THE AGREEMENT TO THE AGENCY

The Agency costs to implement the Agreement are estimated as follows:

Site Acquisition Cost	\$525,000
Rental Assistance & Moving Payment	22,900
Landscaping Costs	21,600
	<hr/>
Total Agency Cost	\$569,500

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 33433 requires the Agency to identify the value of the interests being conveyed at the highest use allowed by the Redevelopment Plan for the Project Area. The valuation must be based on the assumption that no extraordinary use, quality and/or income restrictions are being imposed on the development by the Agency.

The Historic House includes 906 square feet of building area. To estimate the value for the home upon the completion of the renovation work, the Agency engaged Lidgard and Associates, Inc. (Lidgard) to prepare an Appraisal Report for the Site. In a report dated January 16, 2009, Lidgard concluded that the after renovation value of the Project falls within the range of \$303.61 to \$389.66 per square foot of building area. This equates to \$275,100 to \$353,000 for the 906 square foot Historic House.

The Agency engaged RPA General Contractor to provide a construction cost estimate for the required Scope of Development. In addition, Keyser Marston Associates, Inc. (KMA), the Agency's financial consultant, estimated the indirect costs and financing costs associated with the Project. The cost estimates are presented in the following table:

Construction Costs ¹	\$252,800
Indirect & Financing Costs	50,300
	<hr/>
Total Renovation Costs	\$303,100

The value of the Site at the highest use permitted by the Redevelopment Plan for the Project Area is equal to the after renovation value minus the estimated renovation costs. The resulting value falls within the range of negative \$28,000 to positive \$49,900.

¹ The cost estimate was prepared on March 17, 2009

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement requires the Developer to renovate the Historic House to standards approved by the Cultural Heritage Commission. The costs to complete the renovation work have been factored into the analysis of the Site's value at the highest use permitted by the Redevelopment Plan. Thus, the fair reuse value of the Site is the same as the value of the Site at the highest use permitted by the Redevelopment Plan for the Project Area.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agency solicited purchase offers for the Site through the distribution of a RFP. In the selected response to the RFP, the Developer offered to purchase the Site for \$25,000. This offer amount falls within the range of values established for the Site. Thus, it can be concluded that the Agency is receiving fair consideration for the interests being conveyed to the Developer.

VI. BLIGHT ELIMINATION

The Site is developed with a historically significant single-family home in need of extensive interior and exterior renovation. The Agreement requires the Historic House to be renovated in accordance with a defined Scope of Development. The required renovation will eliminate the blighting influences currently in place on the Site. Therefore, it can be concluded that the conveyance of the Site to the Developer will fulfill the blight elimination requirement imposed by Section 33433.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Willmore Historic House Relocation is included in the "Proposed Agency Programs and Potential Projects" in the adopted Central Long Beach Project Area Five-Year Implementation Plan for the period between October 1, 2004 and September 30, 2009. Thus, the Project conforms with the AB1290 Implementation Plan requirement imposed by Section 33433.

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND MAEVA ALINE; FINDING THAT THE CONSIDERATION FOR THE SALE OF CERTAIN REAL PROPERTY IN THE CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA IS NOT LESS THAN FAIR MARKET VALUE IN ACCORDANCE WITH COVENANTS AND CONDITIONS GOVERNING SUCH SALE; AND APPROVING THE SALE OF THE PROPERTY AND THE DISPOSITION AND DEVELOPMENT AGREEMENT

WHEREAS, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), is engaged in activities necessary to execute and implement the Redevelopment Plan for the Central Long Beach Redevelopment Project Area (the "Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency proposes to sell certain real property (the "Property") in the Project pursuant to the terms and provisions of the Disposition and Development Agreement and which Property is described in Exhibit "A" which is attached and incorporated by reference; and

WHEREAS, Maeva Aline (the "Developer") has submitted to the Agency a written offer in the form of a Disposition and Development Agreement to purchase the Property for not less than fair market value for uses in accordance with the Redevelopment Plan and the covenants and conditions of the Disposition and

1 Development Agreement; and

2 WHEREAS, the proposed Disposition and Development Agreement
3 contains all the provisions, terms and conditions and obligations required by Federal,
4 State and local law; and

5 WHEREAS, Developer possesses the qualifications and financial resources
6 necessary to acquire and insure development of the Property in accordance with the
7 purposes and objectives of the Redevelopment Plan; and

8 WHEREAS, the Agency has prepared a summary setting forth the cost of
9 the Disposition and Development Agreement to the Agency, the estimated value of the
10 interest to be conveyed, determined at the highest uses permitted under the
11 Redevelopment Plan and the purchase price and has made the summary available for
12 public inspection in accordance with the California Redevelopment Law; and

13 WHEREAS, the Agency has determined that the development of the
14 Property is categorically exempt under the California Environmental Quality Act; and

15 WHEREAS, pursuant to the provisions of the California Community
16 Redevelopment Law, the City Council of the City of Long Beach held a public hearing on
17 the proposed sale of the Property and the proposed Disposition and Development
18 Agreement after publication of notice as required by law; and

19 WHEREAS, the City Council has duly considered all terms and conditions
20 of the proposed sale and believes that the redevelopment of the Property pursuant to the
21 proposed Disposition and Development Agreement is in the best interests of the City and
22 the health, safety, morals and welfare of its residents and in accord with the public
23 purposes and provisions of applicable Federal, State and local law;

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
25 follows:

26 Section 1. The City Council finds and determines that the consideration
27 for sale of the Property pursuant to the Disposition and Development Agreement is not
28 less than fair market value in accordance with covenants and conditions governing the

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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sale, and the Council further finds and determines that the consideration for the sale of the Property, determined at the highest and best use under the Redevelopment Plan, is necessary to effectuate the purposes of the Redevelopment Plan for the Project.

Section 2. The sale of the Property by the Agency to Developer and the Disposition and Development Agreement which establish the terms and conditions for the sale and development of the Property are approved.

Section 3. The sale and development of the Property shall eliminate blight within the Project Area and is consistent with the implementation plan for the Project adopted pursuant to Health and Safety Code Section 33490.

Section 4. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

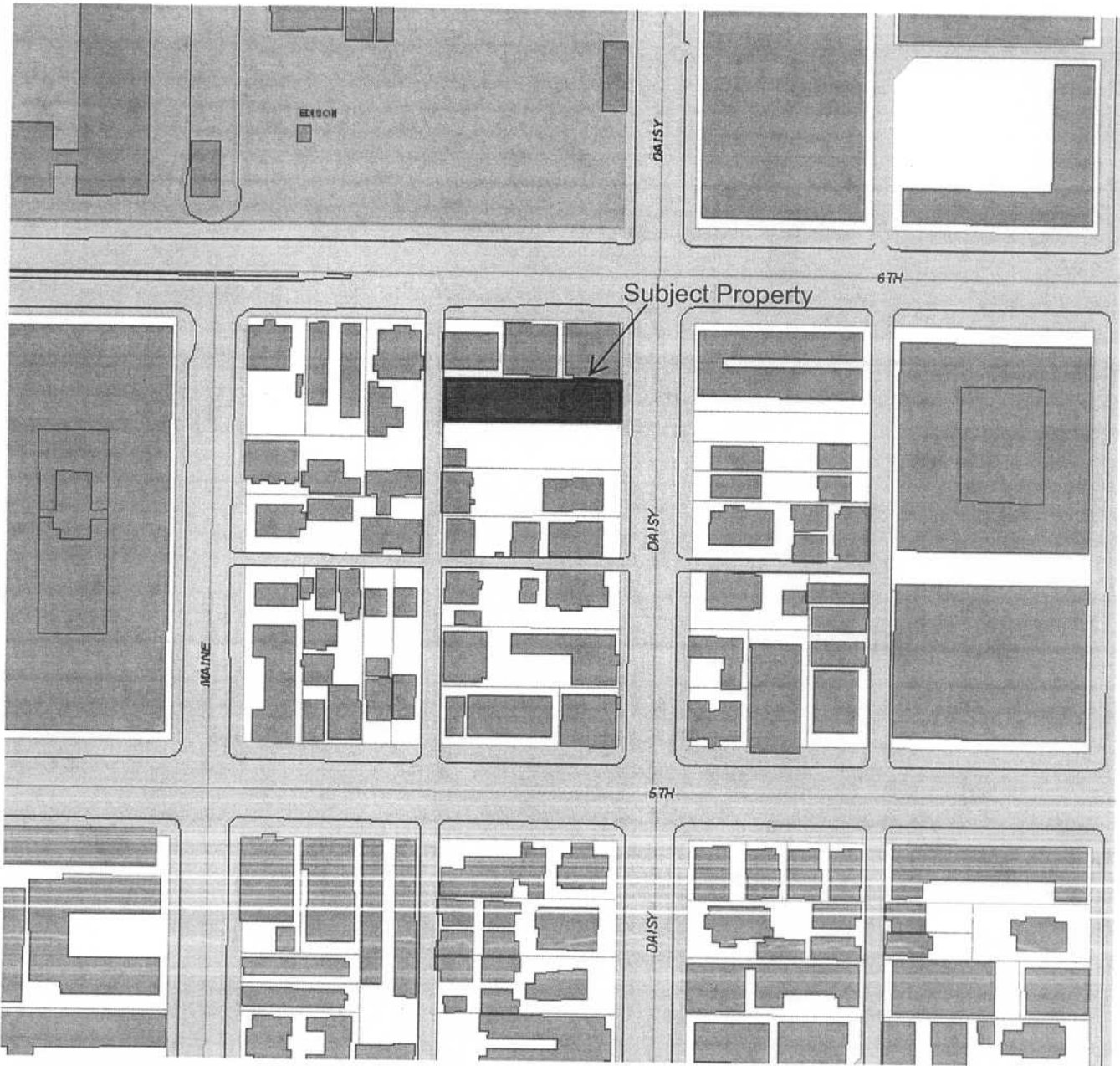
I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2009 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk



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