

#2

**APPRAISAL REPORT**

UPDATE VALUATION STUDY  
AGENCY-OWNED PROPERTY  
COMMERCIAL/RESIDENTIAL BUILDING  
120-122 EAST 3<sup>RD</sup> STREET  
LONG BEACH, CALIFORNIA

Effective Date  
of Appraisal  
February 16, 2010

Prepared for  
CITY OF LONG BEACH  
Redevelopment Agency  
333 West Ocean Boulevard, Third Floor  
Long Beach, California 90802

Prepared by  
Scott A. Lidgard, MAI, CCIM  
LIDGARD AND ASSOCIATES, INC.  
2592 North Santiago Boulevard  
Orange, California 92867-1862

Report Reference No. 6730

**LIDGARD AND ASSOCIATES**  
APPRAISERS-CONSULTANTS



February 19, 2010

City of Long Beach  
Redevelopment Agency  
333 West Ocean Boulevard, Third Floor  
Long Beach, California 90802

Attention: Beverly McKay  
Community Development Analyst

Subject: Update Valuation Study  
Agency-Owned Property  
Commercial/Residential Building  
120-122 East 3<sup>rd</sup> Street  
Long Beach, California

**Sy, J. - 2435**

In accordance with your request and authorization, I have completed an update appraisal study of the above-referenced property. The property was originally appraised by the undersigned as of January 18, 2008.

The valuation study consisted of (1) a review of the original work file and appraisal report, (2) a on-site field inspection of the subject property, (3) a review of public records, (4) the research and collection of comparable market data, (5) a valuation employing the Sales Comparison Approach and Income Capitalization Approach, based on an analysis of the comparable market data, and (6) preparation of this formal narrative appraisal report in summation of the activities outlined above.

The subject property is located at the southwest corner of 3<sup>rd</sup> Street and Tribune Court within the Downtown District of the City of Long Beach. The site has rectangular land configuration, effectively level topography, and contains 1,250 square feet of land area. The parcel is within the Downtown Core Sub Area of the PD-30 (Downtown Planned Development District) zone, which permits a mix of professional office, retail, entertainment and high density multiple family residential uses.

The property is presently improved with a two-story, multi-tenant commercial/residential building of reinforced common brick masonry construction. The building covers essentially the entire lot, contains

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(562) 988 - 2926  
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scott@lidgardinc.com

**LIDGARD AND ASSOCIATES**  
INCORPORATED

*Real Estate Appraisal and Consultation*

City of Long Beach  
Redevelopment Agency  
Attention: Beverly McKay  
Community Development Analyst

February 19, 2010

Page 2

\_\_\_\_\_ square feet, and was constructed in 1914. It is understood that the building underwent seismic retrofitting in the 1980s. There has been no substantial change in overall condition since the original appraisal study. Due to the Agency ownership, the property has been vacated. Reference the accompanying appraisal report for a complete description of the land and improvements.

The purpose of this appraisal study is to express an estimate of market value of the unencumbered fee simple interest in the subject property, exclusive of non-realty fixtures/equipment. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- 1. Buyer and seller are typically motivated;*
- 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;*
- 3. A reasonable time is allowed for exposure in the open market;*
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*

The intended use of this appraisal study is to assist the City of Long Beach in sale negotiations with a private party. Intended users are City officials and consultants thereof for the explicit purpose and intent indicated above. This report is not intended to be distributed to, or relied upon by, third parties.

After considering the various factors which influence value, the market value of the subject property, as of February 16, 2010, is as follows:

FOUR HUNDRED FORTY THOUSAND DOLLARS  
\$440,000.

City of Long Beach  
Redevelopment Agency  
Attention: Beverly McKay  
Community Development Analyst

February 19, 2010

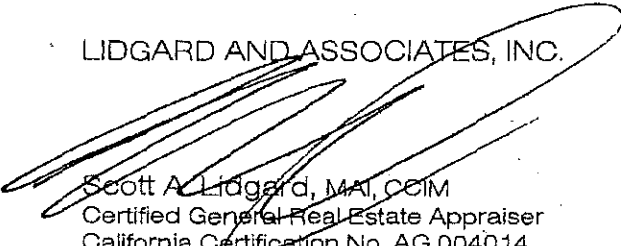
Page 3

This appraisal complies with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(b), for a summary appraisal report. This report incorporates, by reference, certain data and analysis contained in our office file.

The foregoing estimate of value is subject to the contents of the accompanying appraisal report, no portion of which shall be amended or deleted. Four copies of this appraisal report are submitted herewith; we have retained a file copy. Please do not hesitate to contact the undersigned in the event you require additional information from our file.

Very truly yours,

LIDGARD AND ASSOCIATES, INC.

  
Scott A. Lidgard, MAI, CCIM  
Certified General Real Estate Appraiser  
California Certification No. AG 004014  
Renewal Date: March 13, 2012

SAL:sp

***Accelerated Appraisals***  
**3723 Birch Street, # 19**  
**Newport Beach, CA 92660**

March 4, 2010

Devinder Mavi  
4051 Ondine Circle  
Huntington Beach, CA 92649

Re: Summary Appraisal  
Restricted Use Report Format  
120 E. 3<sup>rd</sup> Street, Long Beach, CA 90802  
SQ FT. 2433 AS PER CITY OF LB. APPRAISAL.

Devinder Mavi:

As you requested, I have performed a summary appraisal of the above-described real property and am presenting my findings to you in the restricted use appraisal format. This appraisal conforms to the Uniform Standards of Professional Appraisal Practice and the Code of Ethics of the Appraisal Institute.

You have asked that an appraisal be performed to estimate the current fair market value of 120 E. 3<sup>rd</sup> Street, Long Beach, CA 90802. This letter briefly sets forth the information required by the Uniform Standards of Professional Appraisal Practice regarding this type of assignment, a complete appraisal in a restricted use appraisal report format. It should be noted that this report cannot be fully understood without the complete information which has been retained in the files. This appraisal report simply states what work was completed along with my findings.

Appraisal Findings

The valuation opinions and analysis are expressed as of March 1, 2010, the date the property was inspected. The conclusion has been reached that the fair market value is all represented by the land and improvements currently located at the subject address and is reconciled at \$150.00 per square foot. For the approximately 2,500 square feet of existing building area, the fair market value is \$375,000 rounded to market terms.

### Identification of the Client and Other Intended Users

The client is Devinder Mavi. This is a restricted use appraisal report for internal use purposes only. As such there are no other intended users. No legal proceedings requiring testimony will be conducted without prior arrangements having been made.

### Intended Use of the Appraisal

This appraisal is intended to provide documentation of the estimated current fair market value of the subject land. This property is currently owned by The Redevelopment Agency of Long Beach and this appraisal will aid in internal valuation and external sales purposes.

### Property Interest

The property interest appraised is the fee simple estate. The property is currently unoccupied and is in need of substantial upgrading. The property was purchased on November 19, 1987 for an undisclosed purchased price. It is a basic assumption of this appraisal that title is essentially unencumbered by anything which would not allow the subject property to be developed to its highest and best use.

### Purpose of the Appraisal

The purpose of the report is to establish a reasonable estimate of the current fair market value of the subject property. The definition of fair market value that is used comes from the Appraisal Institute.

Means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### Date of Value and Date of Appraisal

I was authorized to perform this appraisal assignment on February 26, 2010. I completed the assignment on March 4, 2010 and am formally transmitting the information to you as of this date. I performed all research and analysis from March 1 thru March 4, 2010. The property was first inspected on March 1, 2010 and the final inspection was made on March 2, 2010.

### Identification of the Real Estate which is the Subject Property

The subject property consists of a .0286 acres (1,246 square feet) lot improved with 2,500 square foot, mixed use, commercial/residential, two story block building built in approximately 1914. The property is located at the south side of 3<sup>rd</sup> street, 125 feet east of Pine Avenue. The subject property is known as 120 E. 3<sup>rd</sup> Street, Long Beach, CA 90802 and has an AP# of 7280-020-003 and is further identified as tax ID # 7280-020-907.

The property is surrounded by other parcels of land improved with various density and type of land use ranging from commercial to mixed use improvements.

The highest and best use of the site as if vacant would correspond to the LBP30 zoning to be held as is until the economy improves. The site should be developed at a density corresponding to the limits set forth under LBP30. Again, this is pursuant to a recovering economy. The density of a proposed project has various scenarios, all which remain consistent with zoning.

There were no transfers of ownership discovered during the normal course of this appraisal since November, 1987. The property has been owned by The Redevelopment Agency of Long Beach for approximately twenty three years.

The subject property is located within the City of Long Beach, which is a significant city within the county of Los Angeles. This city provides housing to a population that generally works in the city of Long Beach and its surrounding bedroom communities.

### Surrounding Land Use

The subject property is surrounded by accessible improved roads, driveways onto the site, paving, curbs and/or gutters, etc. The subject property is surrounded by similar commercial and/or residential buildings.

### Scope of Work

In order to complete this assignment, I have gathered sales of comparable improved parcels within the greater Long Beach area. These sales included commercial/residential zoned sites. Out of the data contained, I have chosen three sale properties. These sales were selected for comparison and zoned for mixed use. The oldest sale occurred in September, 2009 and the most recent occurred in February, 2010. These sales were all improved with commercial/residential zoned type of developments and had a similar highest and best use. The appropriate City or County was consulted to verify the zoning, utilities and potential uses pertinent to each sale

property. Each sale property was inspected in the field and all were verified with at least one party involved with the transaction. The value opinion and analysis complies with the Uniform Standards of Professional Appraisal Practice and is unbiased and impartial. No predetermined value or opinion formed the basis of any conclusions stated in this appraisal. The depth of the investigation and analysis is meant to be in keeping with the purpose of the appraisal and the client's needs in obtaining the information.



DESIGN SUBMITTED  
AT THE TIME OF PURCHASE ATTEMPT — 2010.  
EARLY 2010 & 2011 AGAIN FOR FACADE IMPROVEMENT.

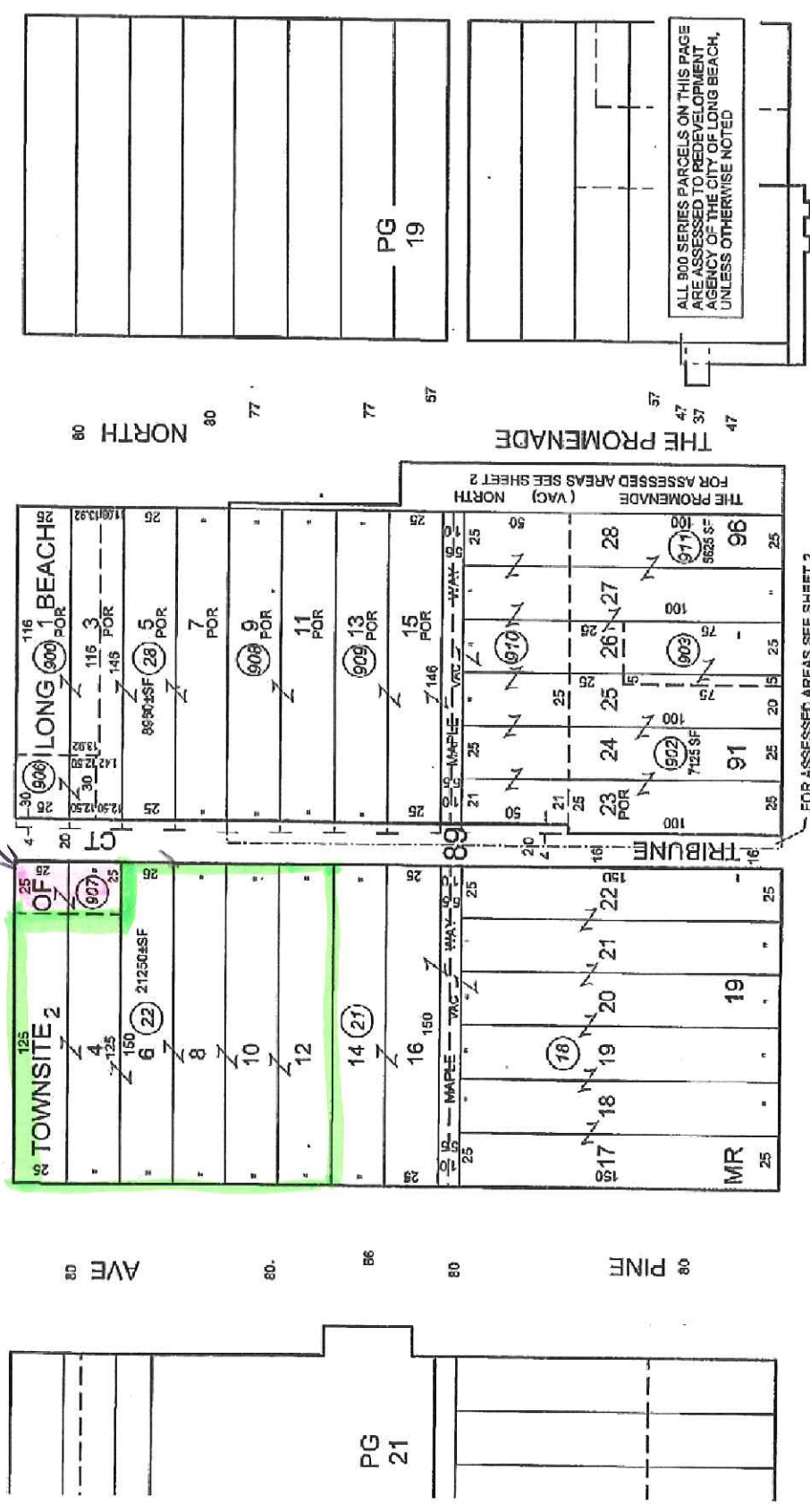


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FROM T

3RD

ST 3

PROPERTY. REF.



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, UNLESS OTHERWISE NOTED

FOR ASSESSED AREAS SEE SHEET 2 (SUBSURFACE AREA OF TRIBUNE CT)

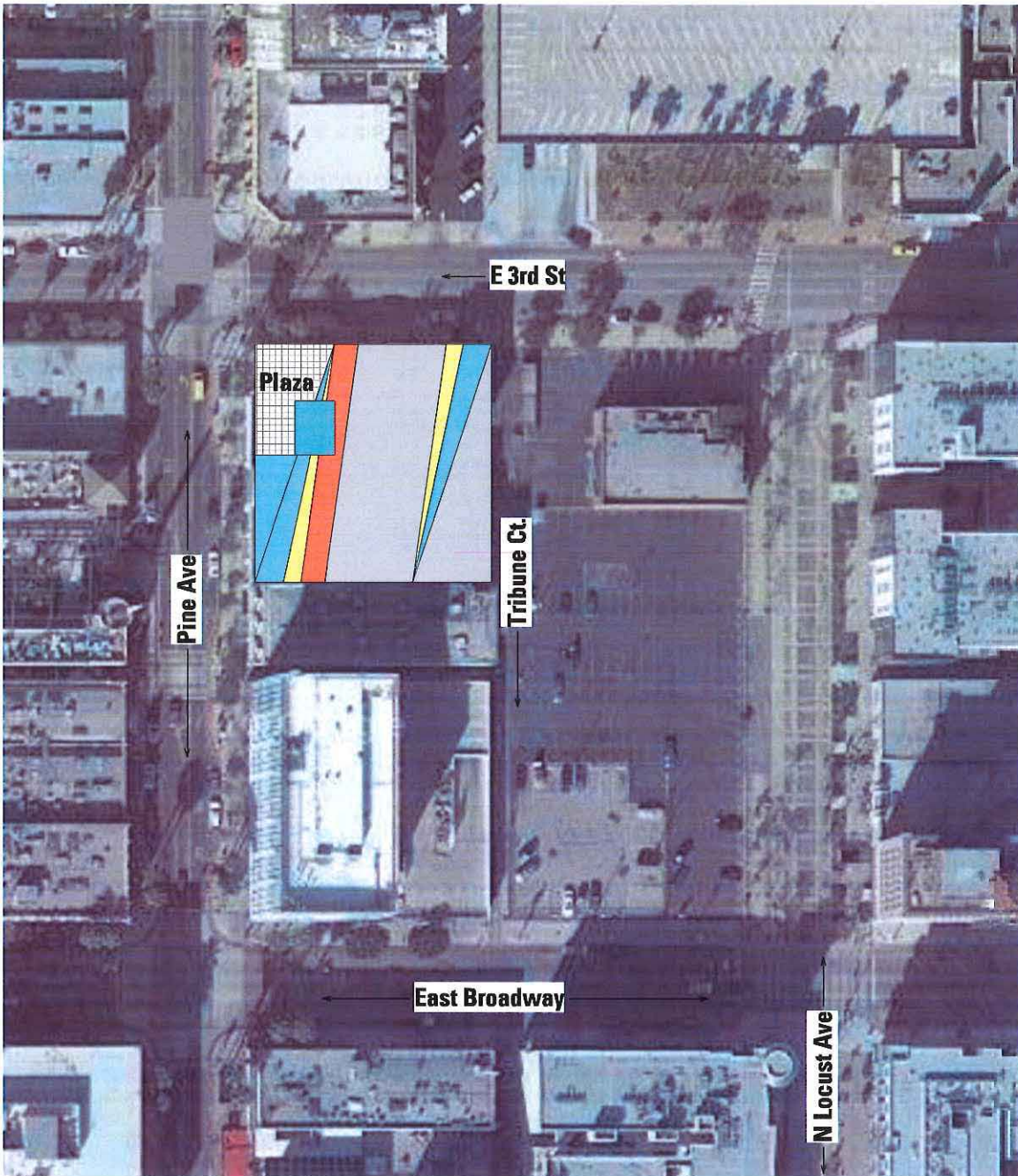
BROADWAY

FM 16309

PG 27

FM

JULY 2010



Site Plan  
1" = 40'-0"

### Area and Parking Tabulation

Use	Level	Gross Area per Level	Area Running Total	Units	Parking rate	Parking Req per Level	Parking Provided
<b>Retail</b>	Ground Level	10,800	10,800		5/1000 sf		54
<b>Office</b>	Office 1	4,000	14,800		4/1000 sf		16
	Office 2	4,000	18,800			16	
	Office 3	4,000	22,800			16	
	Office 4	4,000	26,800			16	
	Office 5	15,000	41,800			60	
	Office 6	15,000	56,800			60	
	Office 7	15,000	71,800			60	
	Office 8	15,000	86,800			60	
	Office 9	15,000	101,800			60	
	Office 10	15,000	116,800			60	
<b>Office Subtotal</b>		106,000					424
<b>Residential</b>	Residential 1	11,183	127,983	8	2.25/unit		18
	Residential 2	11,183	139,166	8		18	
	Residential 3	11,183	150,349	8		18	
	Residential 4	11,183	161,532	8		18	
	Residential 5	11,183	172,715	8		18	
	Residential 6	11,183	183,898	8		18	
<b>Res. Subtotal</b>		67,098		48			108
<b>Hotel</b>	Hotel 1	10,600	194,498	20	1/unit*		20
	Hotel 2	10,600	205,098	20		20	
	Hotel 3	10,600	215,698	20		20	
	Hotel 4	10,600	226,298	20		20	
	Hotel 5	10,600	236,898	20		20	
	Hotel 6	10,600	247,498	20		20	
<b>Hotel Subtotal</b>		63,600		120			150
<b>AG Auto Parking</b>	P1						62
	P2						62
	P3						62
	P4						62
	P5						62
	P6						62
<b>BG Auto Parking</b>	P-1						62
	P-2						62
	P-3						62
	P-4						62
	P-4						62
	P-6						62
<b>Parking Totals</b>							744
<b>Building Total</b>			<b>247,498</b>				<b>736</b>

Site Area 22,500 sf +/-  
Proposed FAR 11.00 \*\*

\*added 5 employee parking stalls/level=30 total  
\*\*allowed by meeting city incentives (core & parking areas not currently counted)



stearns  
ARCHITECTURE  
500 Broadway  
Laguna Beach, CA 92653  
949 376 7160

OWNER

3rd & Pine  
Study

Site Plan &  
Tabulation

CURRENT DRAWING DATE: 07/16/10

Closed Revisions		
Number	Date	Description

FILE NUMBER: 2010040247M

A0



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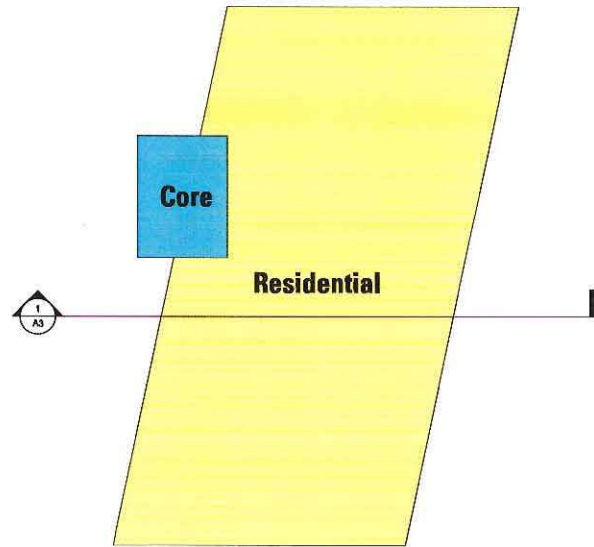
Plans

CURRENT SHEET  
ISSUE DATE: 07/16/10

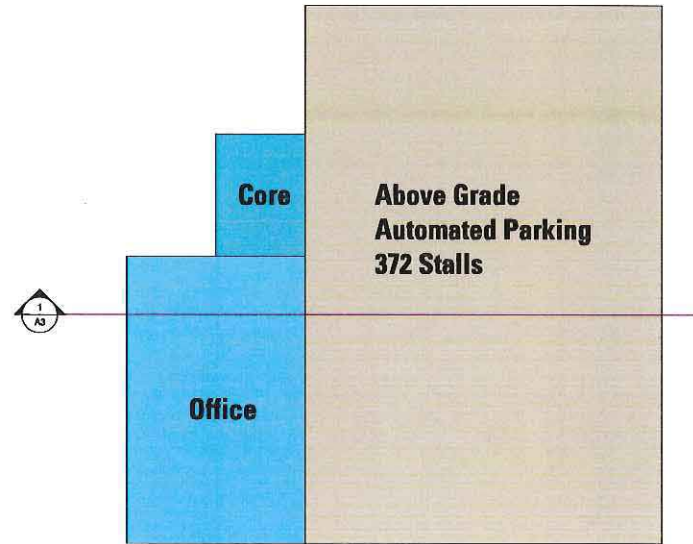
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Number	Date	Description

FILE NUMBER: 376013 4/04/14

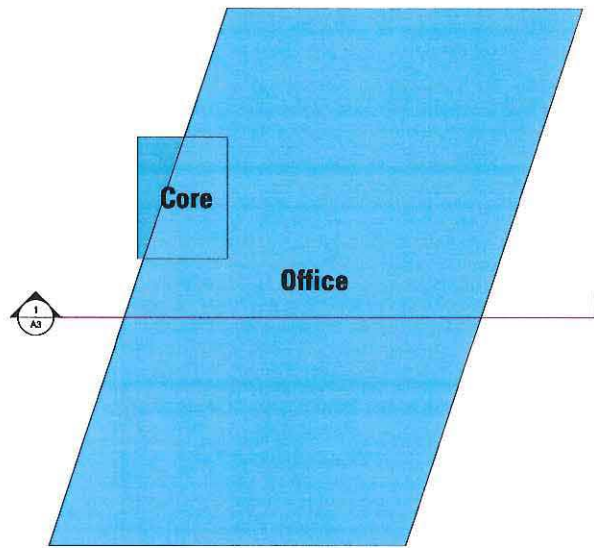
A1



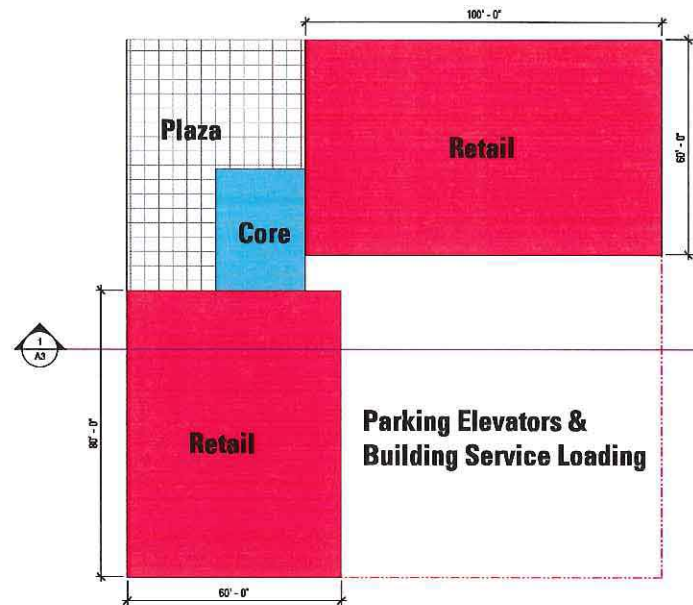
Residential Levels 1-6  
1" = 20'-0"



Office Levels 1-4  
1" = 20'-0"



Office Levels 5-10  
1" = 20'-0"



Ground Level  
1" = 20'-0"



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500 Broadway  
Laguna Beach, CA 92653  
949.376.7160

OWNER

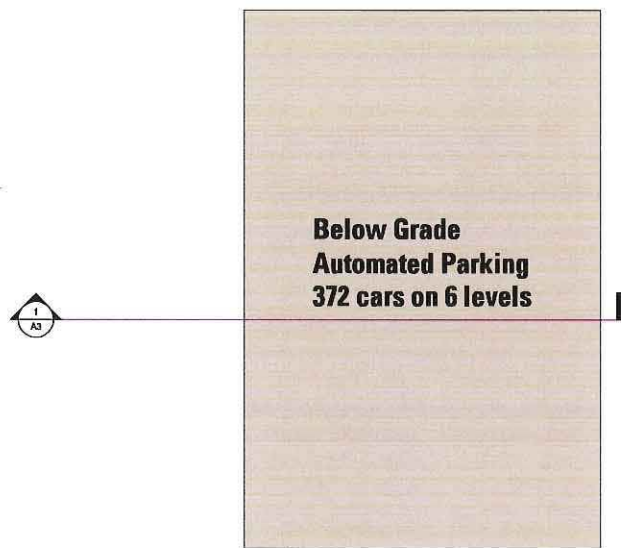
3rd & Pine  
Study

Plans

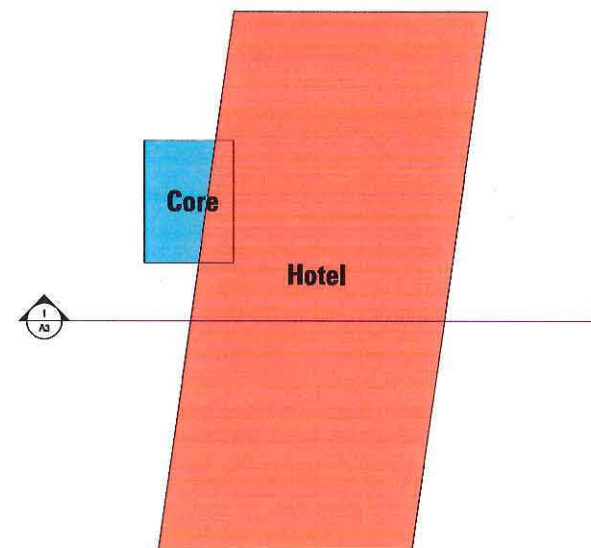
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Closed Revisions		
Number	Date	Description

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BG Parking Levels (P-1)-(P-6)  
1" = 20'-0"



Hotel Levels 1-6  
1" = 20'-0"

A2



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949 376 7100

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Study

Section

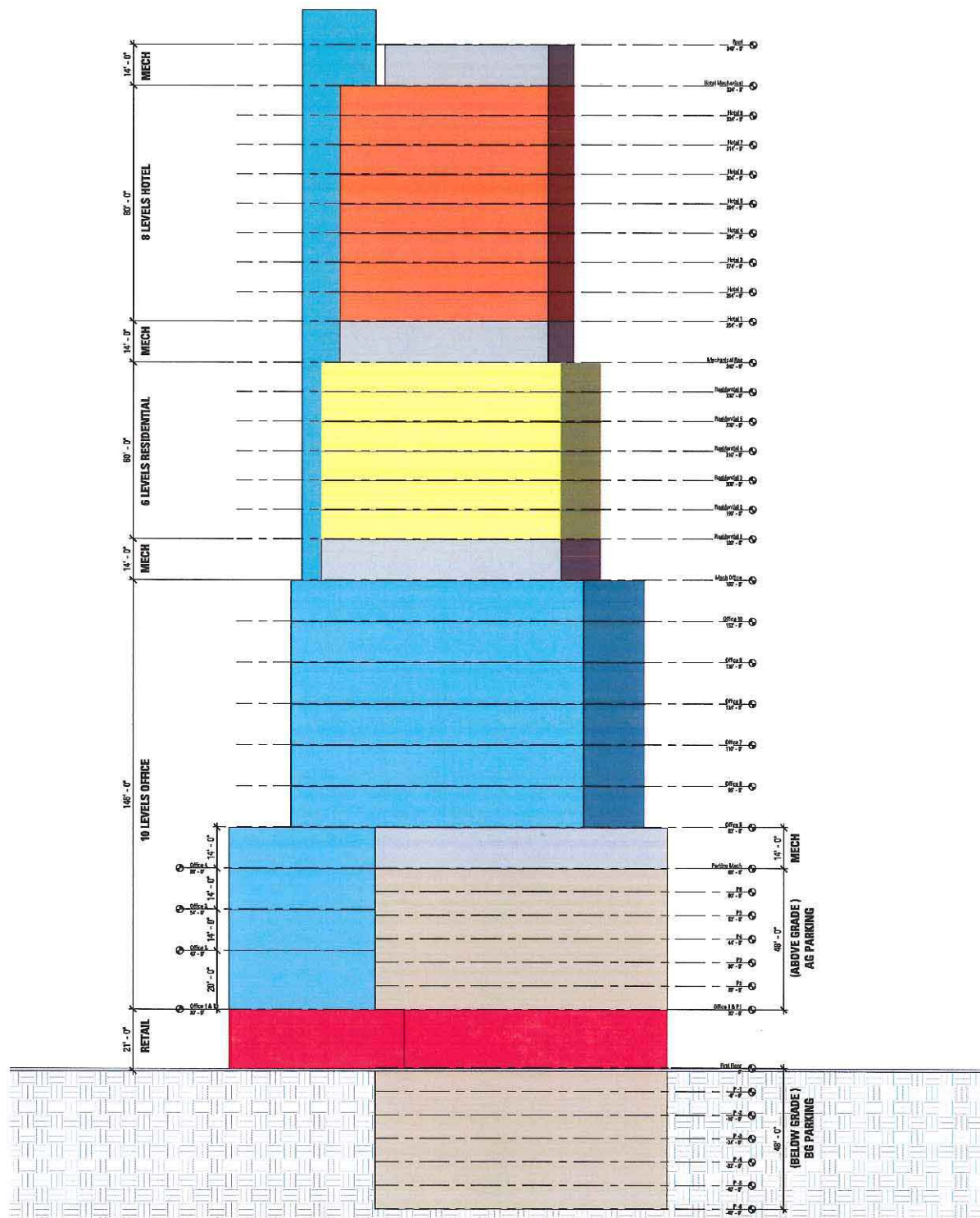
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Revised

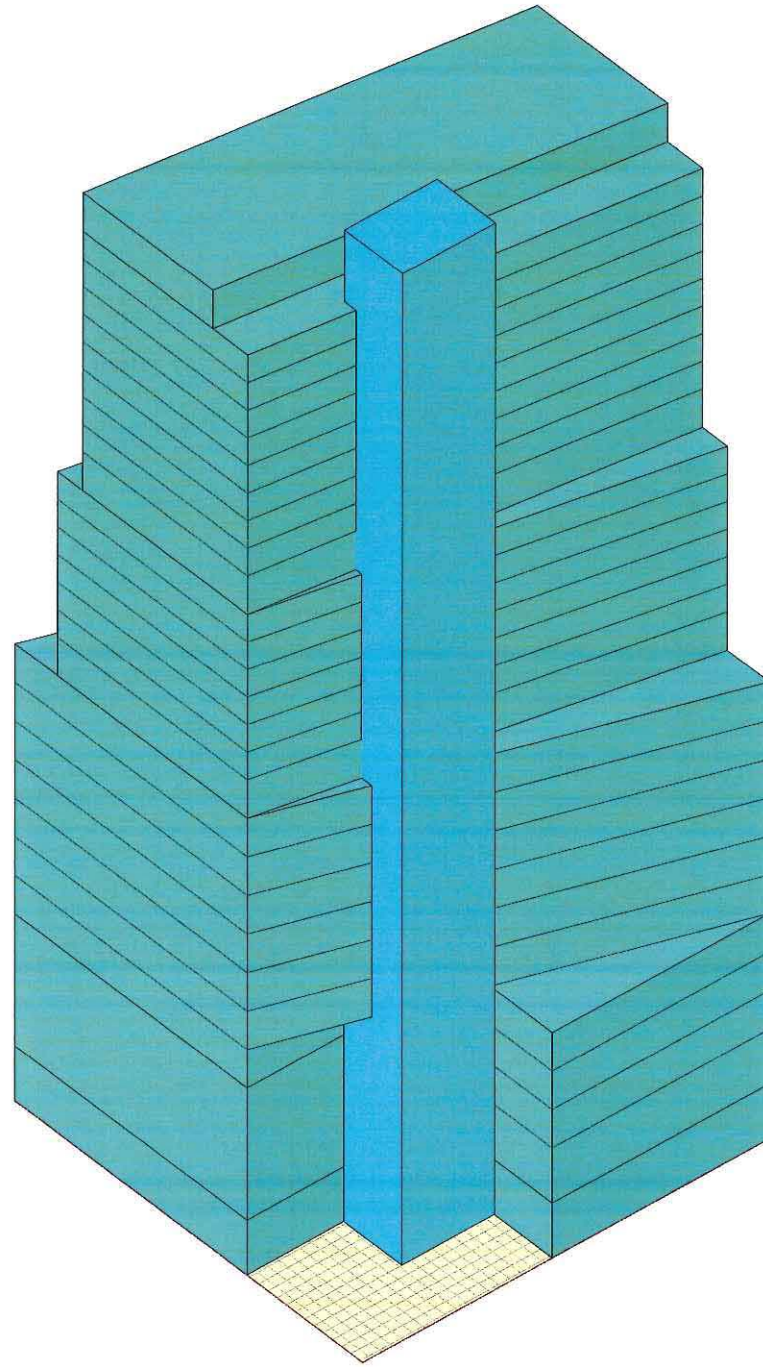
Number	Date	Description

DESIGNED BY: [Name]

A3



Longitudinal Section  
1" = 20'-0"



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500 Broadway  
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3rd & Pine  
Study

3D Views

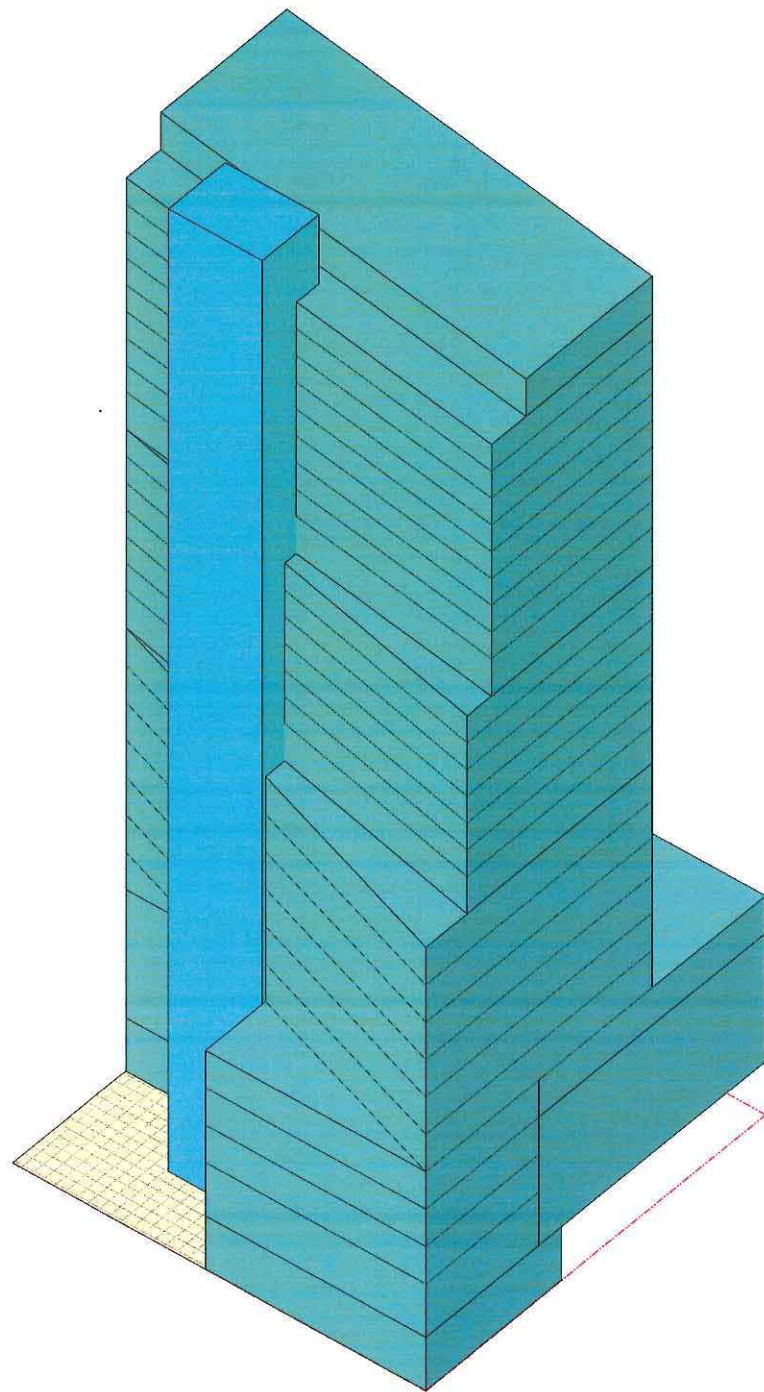
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Revised Revisions

Number	Date	Description
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FILE NUMBER: 100004057PM

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500 Broadway  
Laguna Beach, CA 92653  
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OWNER

3rd & Pine  
Study

3D-Views

CURRENT SHEET  
ISSUE DATE: 07/16/10

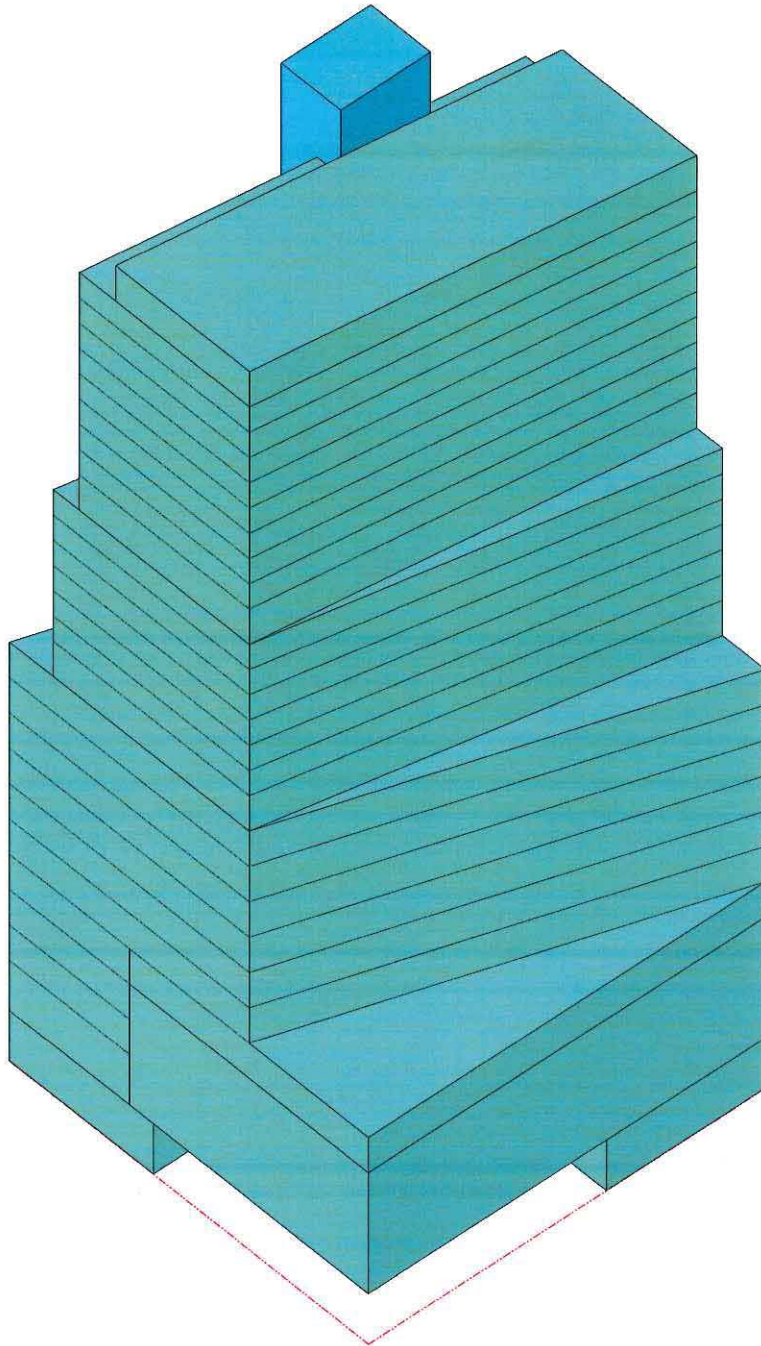
Revised Revisions

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ARCHITECTURE

500 Broadway  
Laguna Beach, CA 92653  
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**OWNER**

**3rd & Pine  
Study**

**3D-Views**

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FILE NUMBER: 3RD&PINE07PM

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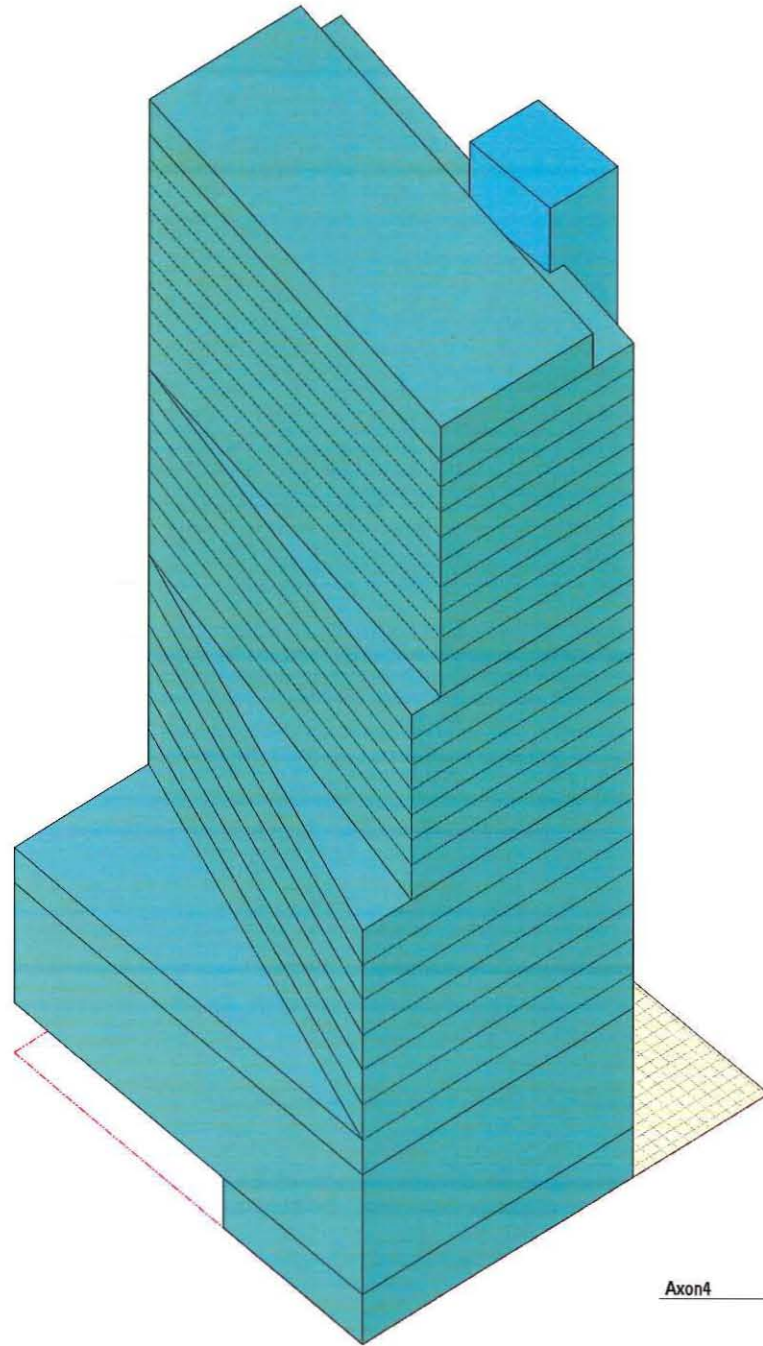
3rd & Pine  
Study

3D-Views

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