



City of Long Beach

411 West Ocean Boulevard
Long Beach, CA 90802

Legislation Details (With Text)

File #:	07-0764	Version:	1	Name:	CD - Reso & DDA w/ Lyon West Gateway
Type:	Resolution	Status:		Adopted	
File created:	7/3/2007	In control:		City Council	
On agenda:	7/10/2007	Final action:		7/10/2007	
Title:	Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution making certain findings; authorize City Manager to execute a Disposition and Development Agreement with Lyon West Gateway, LLC and The Long Beach Housing Development Company for the West Gateway project; and				

Sponsors:

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Attachments: 1. 071007-H-2sr&att.pdf, 2. RES-07-0092.pdf

Date	Ver.	Action By	Action	Result
7/10/2007	1	City Council	approve recommendation and adopt	Pass

Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution making certain findings; authorize City Manager to execute a Disposition and Development Agreement with Lyon West Gateway, LLC and The Long Beach Housing Development Company for the West Gateway project; and

On June 9, 2003, the Redevelopment Agency (Agency) agreed to negotiate exclusively with Lyon Realty Advisors for the development of Site 11 in the West Gateway Project Area (Exhibit A - Site Map) for a residential complex. This public hearing is to consider the sale of Site 11 to Lyon West Gateway, LLC (Developer).

Terms and Conditions of the Sale

The terms and conditions of the sale and subsequent development are included in a Disposition and Development Agreement (DDA) between the Agency, the Long Beach Housing Development Company (LBHDC) and the Developer. Under the terms of that DDA, the Developer will pay the Agency \$5,704,000 for the 153,018-square-foot site bounded by West Broadway, Magnolia Avenue, West Third Street and Chestnut Avenue. \$2,000,000 is due within 10 days of the Agency's execution of the DDA, with the balance due prior to close of escrow. The Developer will construct 291 residential rental units, 26 of which will be designated for affordable housing. The DDA will delineate each party's obligations, and will specifically spell out the conditions, covenants and restrictions pertaining to the affordable units.

Project Plans

A total of 291 residential rental units will be constructed. There will be 144 one-bedroom units at 715 square feet, 20 one-bedroom units with dens at 1,121 square feet, 115 two-bedroom units with dens ranging in size from 1,051 square feet to 1,144 square feet, and 12 two-bedroom townhouse units at 1,358 square feet. There will also be 15,580 square feet of first-floor retail space. The DDA contains a list of prohibited uses but, in addition, the Agency has the right to approve or disapprove the proposed initial tenants in the retail space.

The project has a total of 638 parking spaces, 136 of which will be available to the general public for guest and retail parking.

Construction on the project must begin no later than July 2008. The Developer, its contractors, and its subcontractors are required to provide opportunities to the lower-income residents of the City for training and employment arising in connection with the development of the project. This will include partnering with the City's Workforce Development Bureau to identify opportunities for job training. Written reports are required to document compliance with this section of the DDA.

Affordable Units

As proposed, the project will be a rental complex for 15 years. 26 of the 291 units will be restricted for occupancy by households earning at or below 80 percent of area median income (AMI) for 55 years. The net present value of the difference between the low-income rent and market rent for the restricted units over 15 years is \$5,553,732 or about \$213,600 per unit. This amount will be funded by a loan from LBHDC approved at their meeting of June 20, 2007. The units will include a mix of those offered within the building, as shown below.

Unit Type	Unit Size (Sq. Ft.)	Total Units	Affordable Units
1-br/1-ba	715	144	13
1-br/1-ba w/den	1,121	20	2
2-br/2-ba	1,051 - 1,144	115	10
2-br/2.5-ba	1,358	12	1
Total		291	26

The Developer is allowed to obtain all approvals necessary to convert the complex into a condominium development after rental period, and to sell one residential unit to ensure vested rights in a future conversion. If the project converts to for-sale, any restricted units will be available only to buyers earning at or below 80 percent of AMI for the balance of the 55-year restriction period.

The Developer is willing to restrict 26 units in the project as long as the funds are paid upfront. Having funds upfront allows them to negotiate a better rate on their construction loan, among other short-term financial benefits.

The proposed inclusion of affordable units in the Lyon West Gateway project offers an opportunity for the LBHDC to participate in a mixed-income development in the Downtown at a reasonable cost.

Compliance with California Environmental Quality Act

The Agency certified the Environmental Impact Report for West Gateway Sites 9, 10 and 11 on July 11, 2005 (Exhibit B - Environmental Impact Report).

Summary Report and City Council Approval

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, determined at the use 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; and

- An explanation of why the sale of the site is consistent with the Agency's AB 1290 Implementation Plan.

Findings of Public Benefit

California Redevelopment Law also provides that the Agency may, with the consent of the City Council, pay for public improvements that are publicly owned either within or outside of a Redevelopment Project Area, if the City Council determines all of the following:

- That the construction of such public improvements is of benefit to the redevelopment project area or the immediate neighborhood in which the public improvement project is located;
- That no other reasonable means of financing the public improvements are available to the community; and
- That the payment of Agency funds for construction of the public improvements will assist in the elimination of one or more blighting conditions within the Project Area.

The Agency will be working with the Developer to enhance the project and provide linkages through the Downtown area. These findings must be made because the Agency is funding a portion of the construction. These public improvements include relocation of utilities, construction of streetscapes, bicycle paths, public walkways for pedestrian use, enhancement of pedestrian rights-of-way, and public art.

These improvements will assist in the removal of blight by providing useable open space in Downtown's newly developing residential neighborhood, improving pedestrian flow through the Downtown, improving safety of the residents, and promoting business attraction along West Gateway and the nearby streets.

A separate resolution is attached making certain findings regarding the construction of these public improvements with redevelopment funds in the Downtown Long Beach Redevelopment Project Area.

The Agency approved this recommendation at its meeting of July 2, 2007, and the LBHDC approved their participation at its meeting of June 20, 2007. This letter was reviewed by Assistant City Attorney Heather A. Mahood on July 2, 2007, and Budget and Performance Management Bureau Manager David Wodynski on June 27, 2007.

City Council action is requested on July 10, 2007, in order to facilitate the sale transaction and begin construction as soon as possible.

Proceeds from the land sale will be deposited in the Redevelopment Fund (RD) in the Department of Community Development (CD). Building fees associated with this project are estimated to be \$1,328,000 and will accrue to the General Fund. In addition, the Percent for Public Art fee is calculated to be \$607,416 (85 percent to be applied to public art in the project and 15 percent to support public art programs).

PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:

GERALD R. MILLER
CITY MANAGER