



Legislation Text

File #: 17-0687, **Version:** 1

Recommendation to declare the City-owned property located at 2111 West 14th Street and 2110 Cowles Street, Assessor Parcel Numbers 7429-018-901 and -911 as surplus; authorize City Manager, or designee, to execute any and all documents necessary, including a Purchase and Sale Agreement, with Tarrico Corp., a California corporation, or Assignee (Buyer), for the sale of the Subject Property in the amount of \$2,369,377; and, accept Categorical Exemption CE 17-178. (District 1)

The City of Long Beach currently owns a 84,051 square-foot unimproved lot located at 2111 West 14th Street and 2110 Cowles Street, Assessor Parcel Numbers 7429-018-901 and -911 (Subject Property) (Exhibit A). Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development" allowing for the disposition of the Subject Property for development consistent with the vision and intent of the West Long Beach Industrial Redevelopment Project Area (Project Area) and its guiding documents.

In January 2016, the City released Request for Proposals No. EP16-066 soliciting proposals for the sale and development of the Subject Property; however, only one proposal was received and the proposed concept was not consistent with the Project Area guiding documents. Subsequently, the Subject Property was assigned to Lee and Associates, who solicited offers through an open real estate market listing; four offers were received through this process. Lee and Associates worked with the Buyer to present the City with the subject offer. The subject offer calls for the purchase price of \$2,369,377, which is 6 percent below fair market value as determined by a broker opinion of value. While the offer received was below fair market value, a panel consisting of representatives from the Departments of Development Services and Economic and Property Development, and an outside real estate economics consultant, reviewed all offers and unanimously selected the offer submitted by the Buyer, as the offer was the highest responsive offer received. The sale of the Subject Property is consistent with the LRPMP and dissolution law.

In compliance with Government Code Section 54220 et seq (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) and requesting parties that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, on October 6, 2016, November 8, 2016, and February 6, 2016, staff notified qualified housing sponsors of the proposed sale as required by Government Code Section 54222(a). Finally, in accordance with past practice, a

memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State, requesting parties, qualified housing sponsors, nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 17-178 (Exhibit B), was completed related to the proposed transaction on August 1, 2017.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 26, 2017 and by Budget Management Officer Julissa Josè-Murray on August 1, 2017.

City Council action is requested on August 15, 2017, to allow development to occur in a timely manner.

Sale proceeds of \$2,369,377, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. The net proceeds available for remittance is estimated to be \$1,990,277. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds. Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former West Long Beach Industrial Redevelopment Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

Approve recommendation.

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JOHN KEISLER
DIRECTOR OF ECONOMIC
& PROPERTY DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER