



Legislation Text

File #: 12-0852, **Version:** 1

Recommendation to approve and authorize City Manager to execute an Owner Participation Agreement, and any other related documents, with Pacific Court-Pine Square Partners for the redevelopment of the Pine Court property located at 250-270 Pacific Avenue. (District 2)

Pacific Court-Pine Square Partners is the owner of the property known as Pine Court located at 250-270 Pacific Avenue (Exhibit A - Site Map). A portion of the property (the "theatre space") has been leased to American Multi-Cinema, Inc. (American Multi-Cinema Theatres), since the development's opening in 1992. American Multi-Cinema Theatres ceased operations in the theatre space on November 28, 2010, and Pacific Court-Pine Square Partners wishes to rebuild the theatre space as a residential apartment project upon termination of the lease with American Multi-Cinema Theatres, which expires on December 31, 2012. Conversion of the theatre space to residential units has already been reviewed and approved by the Planning Commission.

Pine Court is currently subject to several agreements with the City of Long Beach (City) and/or the former Redevelopment Agency that limit its current use to a movie theatre or other commercial use, and which do not permit development of Pine Court for residential purposes. In order for Pine Court to be redeveloped as apartments, each of the following agreements must be amended or terminated. The proposed Owner Participation Agreement and its attachments address the following.

- Theatre Space Offsite Parking Agreement. This Agreement allowed for all code-required parking related to the theatre or other commercial use to be provided offsite by the City and/or the former Redevelopment Agency. The Theatre Space Offsite Parking Agreement with the former Redevelopment Agency must be terminated. All related Parking Easement Agreements with the City also must be terminated. The new residential units will be fully self-parked onsite.
- Communities Facilities District. Pine Court is currently encumbered by a Communities Facilities District, which secures repayment of Communities Facilities District bonds. The Communities Facilities District requires, among other matters, that the subterranean garage be a public garage. Development of a residential project at Pine Court requires that the garage become a private garage. In order to allow the garage to be converted to private use, the Communities Facilities District must be terminated; in order to terminate the Communities Facilities District, Participant must repay the Communities Facilities District bonds and they are prepared to do so. When the bonds have been repaid, the City will execute and record a Notice of Cancellation of Special Tax Lien.
- Maintenance and Reciprocal Easement Agreement. To implement a requirement of the Community Facilities District financing, this Agreement required that the subterranean garage be a public parking garage. The Agreement will be terminated when the bonds are paid off and the Public Facilities Lease is terminated.
- Public Facilities Lease. As long as the Communities Facilities District bonds are outstanding,

the subterranean garage must be subject to the Public Facilities Lease, which requires that the garage be used as a public garage. This lease with the City must be terminated after repayment of the Communities Facilities District bonds by Participant in order for the project to move forward.

- Agreement Containing Covenants. Pine Court is subject to restrictions contained in the Agreement Containing Covenants. One of the restrictions is that Pine Court be held as one parcel and not be further subdivided. In order to allow the project to move forward, the City as Successor Agency to the Redevelopment Agency must amend the Agreement Containing Covenants to (a) allow the subdivision of the Site, (b) remove the restriction that the Retail Parcel and the Multi-family Parcel shall be held as one parcel, (c) permit use of the Site for residential uses, and (d) retain a covenant to maintain the property to reasonable standards.

The City of Long Beach as Successor Agency to the Redevelopment Agency of the City of Long Beach was asked to take action related to this transaction at its October 2, 2012 meeting.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Management Officer Victoria Bell on September 12, 2012.

City Council action is requested on October 2, 2012, in order to execute the Owner Participation Agreement and allow the development of the project to move forward at the earliest possible time following Oversight Board approval. Execution of the agreements is subject to the review and approval of the State Department of Finance.

There is no impact to the General Fund or the Successor Agency Fund (SA 270) and no local job impact associated with this recommendation.

Approve recommendation.

AMY BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER