



Legislation Text

File #: 16-1069, **Version:** 1

Recommendation to declare the City-owned property located at 6101-6141 Atlantic Avenue, Assessor Parcel Number 7125-036-900 (Subject Property) as surplus, authorize City Manager, or designee, to execute any and all documents necessary, including a Purchase and Sale Agreement, with Amusement Industry, Inc. (Buyer) for the sale of the Subject Property in the amount of \$655,578, and accept Categorical Exemption CE 16-273. (District 9)

The City of Long Beach currently owns a 60,984-square-foot unimproved lot located at 6101-6141 Atlantic Avenue, Assessor Parcel Number 7125-036-900 (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 North Long Beach Redevelopment Project Area and its guiding documents.

The goals and objectives of the LRPMP is to partner with landowners in assembly of land in furtherance of the project area goals. The Subject Property is adjacent to a 49,223-square foot lot owned by an entity controlled by the Buyer, and currently improved with an aged retail center. Together, the adjacent parcel and Subject Property encompass an entire City block bounded on the north by Harding Street, on the south by 61st Street, on the west by Linden Avenue and on the east by Atlantic Avenue. In March of 2016, the City entered into an Exclusive Negotiating Agreement with the Buyer allowing both the City and the Buyer to determine the suitability of the project and review site plans and design. Based on a positive determination, the Buyer has expressed an interest in proceeding with the purchase of the Subject Property from the City.

The fair market value of the property is \$1.2 million, as determined by broker opinion of value. The owner's development plan includes redevelopment of the entire block (owner-owned and City-owned properties). The development concept will include expansion and renovation of an existing shopping center including office, retail and restaurant uses.

The LRPMP, which controls the disposition of former Redevelopment Agency properties, states that economic opportunity occurs when development of the property serves to create, retain or expand jobs, and results in increased property taxes revenues at full implementation of a project. As a result, the LRPMP is intended to further economic opportunity through the consideration of disposition strategies to attain the stated goals of the Redevelopment Plan,

associated Strategic Guides and related guiding documents, including offerings to adjoining owners. The guiding documents for the North Redevelopment Project Area clearly identify the Subject Property as an economic development goal. In order to ensure that the project proceeds and achieves the goal of development, staff recommends selling the Subject Property at \$655,578, rather than \$1.2 million. This is not the highest price offered for the property; however, the proposal presented by the Buyer will serve to redevelop the adjacent shopping center property, which is in an inferior condition. The redevelopment of the private property along with the development of the Subject Property will revitalize the entire block and benefit the community.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) and requesting parties that the City, as both the City and Successor Agency, was declaring all Future Development and Sale of Property parcels as surplus. Further, 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 nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-273, was completed related to the proposed transaction on November 9, 2016 (Exhibit B).

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 7, 2016 and by Revenue Management Officer Julissa Jose-Murray on November 14, 2016.

City Council consideration of this transaction is requested on December 6, 2016, to ensure that entitlement on the Subject Property can occur in a timely manner.

Sale proceeds of \$655,578, 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. If required under the terms of tax-exempt bonds issued for the acquisition of a portion of the Subject Property, proceeds will first be used to redeem the bonds. If repayment of bonds is not required, the net proceeds available for remittance is estimated to be \$550,686. 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 North Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

Approve recommendation.

KATHRYN MCDERMOTT
INTERIM DIRECTOR OF
ECONOMIC & PROPERTY DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER