

# Proposed Property Acquisition

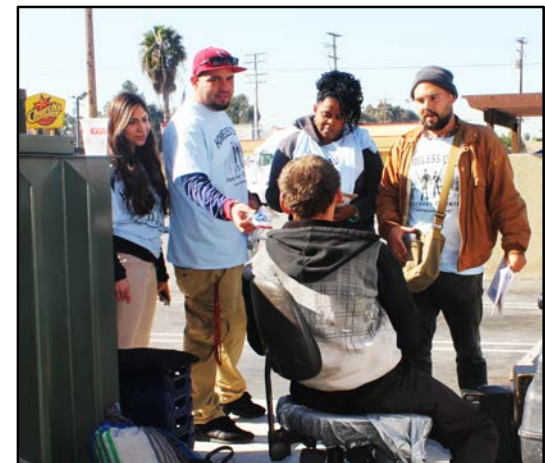
6841 – 6845 Atlantic Avenue  
(Year-Round Shelter)

Long Beach City Council  
February 5, 2019



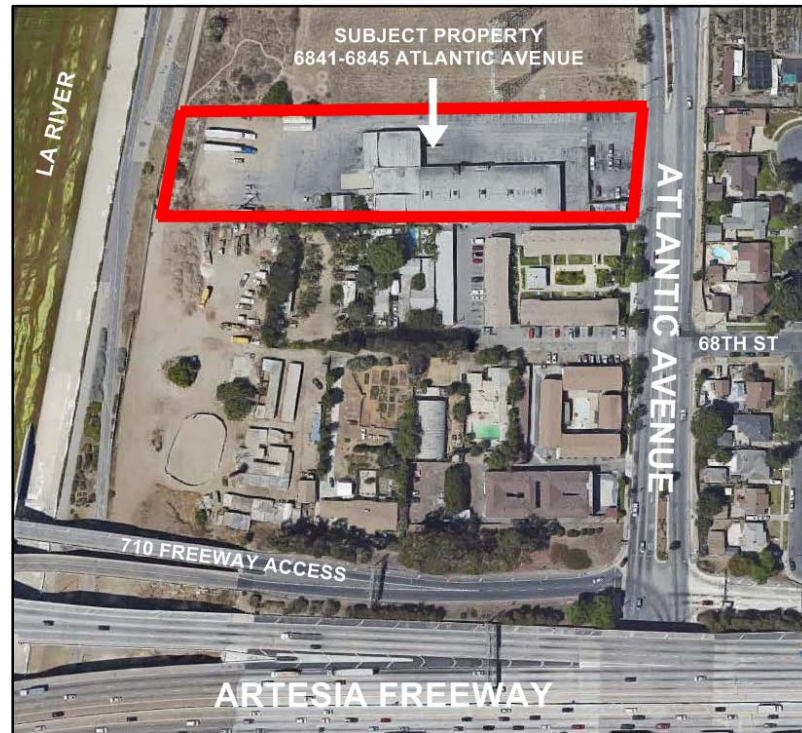
## Background

- On July 24, 2018, the City Council approved an item requesting a City staff report on revenue options to address local homelessness and housing shortages in Long Beach.
- On August 21, 2018, City staff presented a strategy to create additional housing and respond to homelessness.
  - Multiple actions were recommended by City staff and approved by the City Council, including:
    - An analysis detailing a strategy for identifying a potential dedicated local revenue source for the development of a permanent supportive housing and comprehensive prevention service; and
    - A plan to use recently received State funding toward the purchase of a facility that would be utilized as a year-round homeless shelter, focusing on Winter Shelter sites previously used by the City as well as others.



## Subject Property

- City staff has identified the property located at 6841–6845 Atlantic Avenue as a potential site for the development of a state-of-the-art village-style campus for homeless services and support.
- The subject property is approximately 99,534 square feet  
—Three buildings on the property total 28,084 square feet
- The property is located adjacent to the Los Angeles Riverwalk, Southern California Edison right-of-way, and adjacent property owned by the U.S. Army Corps of Engineers.



## Proposed Sale Terms

- Staff has negotiated the sale of the property for an all-inclusive price not to exceed **\$9,491,540**, which includes:
  - Land and improvements
  - Liquor license for existing liquor store
  - Inventory
  - Furniture, fixtures, and equipment
  - Goodwill and compensation for relocation benefits
- As part of the sale, the Seller has requested to occupy the front structure (liquor store) as a lessee, from close of escrow until January 5, 2020.
- Upon the termination of the Lease, a third party will conduct a review of the inventory, and City will compensate the Seller for an amount not to exceed \$400,000. (Note: \$400,00 is included as part of the purchase price.)



## Year-Round Shelter

- City staff will work with the community and partner agencies to develop a case study and example for a village-style homeless services campus.
- On November 13, 2018, the City Council authorized the City Manager to execute an agreement to receive and expend grant funding from the Business, Consumer Services and Housing Agency Homeless Coordinating and Financing Council in the amount of \$9,387,420, for Homeless Emergency Aid Program Continuum of Care allocation.
- Of the amount awarded, \$8 million is designated for a year-round shelter and has been appropriated in the Health Fund in the Health and Human Services Department.



# Fiscal Impact

## Sale Expenses

- Total acquisition cost of the property will not exceed \$9,591,540.
  - \$9,491,540: all-inclusive purchase price of Subject Property
  - \$100,000: acquisition-related costs
- Funding sources:
  - \$8,000,000 is appropriated in the Health and Human Services Department (HE), offset by HEAP grant funding.
  - Staff recommends funding remaining \$1,591,540 from proceeds from recently closed sale of the Broadway Block Site B.

## Lease Revenue

- Lease revenue of \$6,000 per month will accrue to the General Fund in the Economic Development Department (ED) budget.



## Recommendations

Staff recommends approval of the purchase of 6841-6845 Atlantic Avenue and execution of a Lease for the use of the Subject Property.

Recommendations:

- Authorize the City Manager, or designee, to execute any and all documents necessary, including a Purchase and Sale Agreement, with Eddie N John #1, LLC, a California limited liability company, and Youna Kim, a Sole Proprietor dba Eddie's Liquor #1, for the purchase of certain real property located at 6841-6845 Atlantic Avenue, APN 7116-019-029 and -036, in the amount not to exceed \$9,591,540;
- Authorize the City Manager, or designee, to execute all documents necessary for a Lease between the City of Long Beach and Eddie's Liquor #1, for the use of the Subject Property;
- Adopt Negative Declaration ND-02-19; and
- Increase appropriations in the General Fund in the Economic Development Department by \$9,591,540, offset by the sale proceeds from the Broadway Block Site B and transfer of HEAP grant revenue from the Health Fund. (District 9)

