



# CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC DEVELOPMENT

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

## R-28

June 18, 2019

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for a Proposed Lease with an Option to Purchase, with Centro C.H.A, Inc., a California 501(c)(3) corporation, for City-owned property at 1850-1862 Atlantic Avenue, for youth workforce development, civic leadership, inclusive entrepreneurship training, and community services.

Accept Categorical Exemption CE-19-169. (District 6)

### DISCUSSION

The City of Long Beach (City) currently owns the property at 1850-1862 Atlantic Avenue, Assessor Parcel Numbers 7210-016-904 (Subject Property) (Attachment A). The Subject Property is approximately 14,663 square feet and improved with a 4,800-square-foot building, a former playground, and an adjacent parking lot. The Subject Property was previously purchased for a total of \$800,000, utilizing Refuse/Recycling Funds. At the time of purchase, the proposed use was the development of an educational environmental recycling demonstration depot. Since then, the property has remained vacant.

Representatives from Centro C.H.A., Inc. (Centro C.H.A.), have expressed interest in leasing the property to provide initiatives and programs consistent with their mission. Centro C.H.A. is a grassroots community organization that advances the well-being of underrepresented, low-income Hispanic children, youth, and families within Long Beach. The stated mission of Centro C.H.A. is to increase the quality source of programs and services that are dedicated to improving the social-economic development of low-income youth and their families in Long Beach.

Centro C.H.A. offers a variety of services that increase opportunities through health education, violence prevention, housing assistance, mentoring, youth workforce development, community service and leadership activities. Since 2002, Centro C.H.A. indicates that it has contributed over \$11 million in community benefits to the City:

- \$83,737 in transportation assistance;
- \$392,882 in comprehensive workforce wraparound services;
- \$132,945 in housing assistance for 132 individual families;

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- \$7,763 in utilities assistance to 44 individual families;
- \$363,315 in job training and employment placement services to 1,243 eligible youth participants;
- \$1.5 million in violence reduction and family development services, impacting over 70,000 children, youth, and families; and,
- \$1.4 million in legal, workforce, job training, and language services to 2,493 eligible residents.

The lease of the Subject Property provides an opportunity to reactivate a currently dormant property while ensuring these vital services and programs are provided to the surrounding community. A Proposed Lease has been negotiated containing the following major terms and provisions:

- Lessor: City of Long Beach, a municipal corporation.
- Lessee: Centro C.H.A. Inc., a California 501(c)(3) corporation.
- Leased Premises: Approximately 14,663 square feet of land, including a 4,800-square-foot building, at 1850-1862 Atlantic Avenue.
- Initial Lease Term: Lease will be for ten years commencing within five days of execution of the Lease.
- Options to Renew: Lessee will have two options to renew for a period of five years each.
- Early Termination: Lessee will have the right to terminate the Lease within 90 days of the commencement date if the necessary capital and tenant improvements are determined to be cost-prohibitive.
- Rent: Base rent will be \$1.35 per square-foot of building, or \$6,480 per month, for the Initial Lease Term. Lessee will receive abated rent for the first 12 months while the Lessee prepares the property for tenancy. Lessee's first month of rent will begin in month 13. The rent may be further offset monthly by the value of below market community services provided at the Subject Property on a non-cumulative basis. As an example, if leased space is provided to the City or other community-serving organization at a discounted rate, the amount that is considered below market can be applied toward rent on a monthly, non-cumulative basis. Similarly, if services (e.g., legal, training, childcare, etc.), are provided to the community at a discounted rate, the amount that is considered below market value can be applied toward rent on a monthly, non-cumulative basis. Rent for each option period exercised will be adjusted by the cumulative change in the CPI and, once determined, will be fixed for each option term.
- Use: The Leased Premises must be used to provide programs and services that increase opportunities through youth workforce development, civic leadership, health education, violence prevention, mentoring, inclusive entrepreneurship, community service, leadership activities, and other supportive services.

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- Capital Improvements: Lessee will be responsible for all design, permitting, capital improvements, and development of the Leased Premises including the maintenance, repair, and replacement of the improvements throughout the Initial Lease Term.
- Option to Purchase: The Lease includes an option to purchase at a value of \$800,000, which must be exercised within the Initial Lease Term.

Categorical Exemption CE-19-169 (Attachment B), was completed related to the proposed transaction on June 3, 2019.

This matter was reviewed by Deputy City Attorney Richard F. Anthony and by Budget Management Officer Rhutu Amin Gharib on May 29, 2019.

TIMING CONSIDERATIONS

City Council action is requested on June 18, 2019, to ensure that occupancy and development of the Subject Property can occur in a timely manner.

FISCAL IMPACT

No rental revenue will be received during the first 12 months of the lease agreement. During this time, rent will be abated while the Lessee prepares the property for tenancy. The annual revenue for the remaining lease term will be an amount up to \$77,760. Any rent received will accrue in the Refuse and Recycling Fund Group in the Public Works Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The local job impact associated with this recommendation includes 20 temporary and 17 permanent jobs generated from services provided at this facility.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER  
DIRECTOR OF ECONOMIC DEVELOPMENT

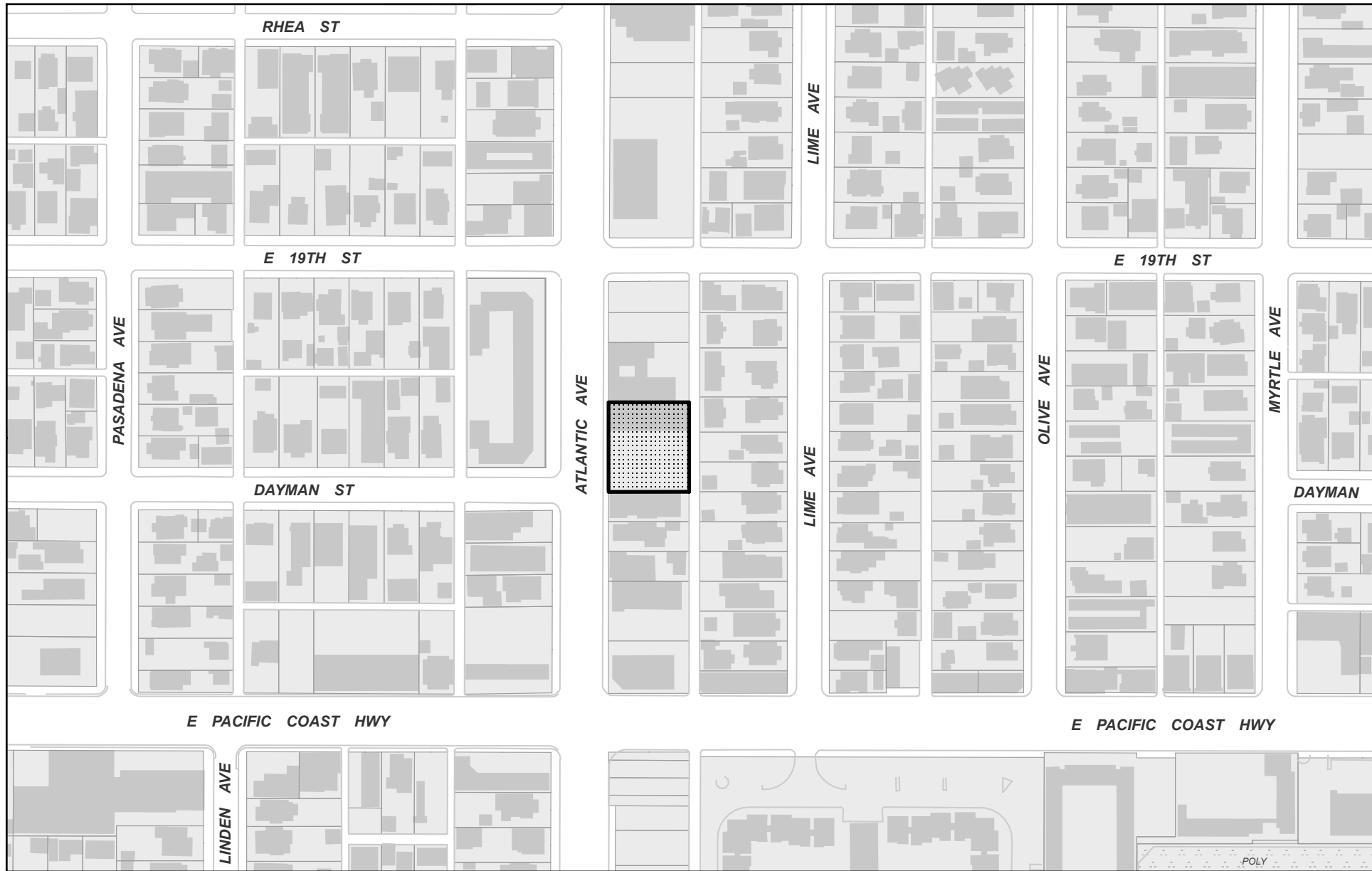
APPROVED:



PATRICK H. WEST  
CITY MANAGER

JK:mft

Attachments A: Subject Property sketch  
B: Categorical Exemption CE 19-169

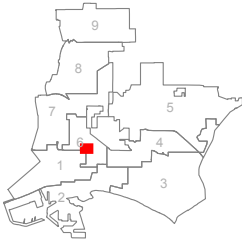


**Subject Property:**

**APNs: 7210-016-904**

**Council District : 6**

# **Attachment A**



ATTACHMENT B



## CEQA NOTICE of EXEMPTION

CITY OF LONG BEACH | DEPARTMENT OF DEVELOPMENT SERVICES  
333 W. OCEAN BLVD., 5<sup>TH</sup> FLOOR, LONG BEACH, CA 90802  
(562) 570-6194 FAX: (562) 570-6068  
lbd.s.longbeach.gov

TO: ☐ Office of Planning & Research  
1400 Tenth Street, Room 121  
Sacramento, CA 95814

FROM: Department of Development Services  
333 W. Ocean Blvd, 5<sup>th</sup> Floor  
Long Beach, CA 90802

☒ L.A. County Clerk  
Environmental Fillings  
12400 E. Imperial Hwy., Room 1201  
Norwalk, CA 90650

Exemption Number: CE-19-169

Project Title (Application Number): 1850-1862 Atlantic Avenue Lease with an Option to Purchase

Project Location – Specific: 1850-1862 Atlantic Avenue, APN 7210-016-900, -901, -903

Project Location – City/County: **City of Long Beach, Los Angeles County, California**

Description of Nature, Purpose and Beneficiaries of Project: Lease with an option to purchase of  
City-owned property at 1850-1862 Atlantic Avenue, Assessor Parcel Number 7210-016-904

Public Agency Approving Project: **City of Long Beach, California**

Person or Agency Carrying Out Project: City of Long Beach, Department of Economic Development

Exempt Status: (Check One)

- ☐ Ministerial (Sec 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec 21080(b)(4); 15269(b)(c));
- ☒ Categorical Exemption. State type and section number: 15301(Existing Facilities), 15312 (Surplus Property Sales), 15332, (In-Fill)
- ☐ Statutory Exemption. State code number: \_\_\_\_\_

Reasons why project is exempt:

This matter involves the lease of an existing facility (Section 15301), possible sale of the facility (Section 15312),  
and requires subsequent review of any potential future development. Additionally, the urbanized site qualifies  
for the Section 15332 in-fill exemption.

**Lead Agency**

Contact Person: Maryanne Cronin

Contact Phone: (562)570-5683

Signature: *Maryanne Cronin*

Date: 6/3/19

Title: Planner