



Legislation Text

File #: 19-0743, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary for a Lease with LINC-Palace Hotel Apartments Housing Investors, L.P., a California limited partnership (Landlord), for use of the retail suite at 2640 East Anaheim Street. (District 4)

LINC-Palace Hotel Apartments Housing Investors, L.P. (LINC), operates and manages an affordable housing facility for transition-aged youth at 2640 East Anaheim Street, known as the Palace Hotel (Attachment A). The building is owned by Long Beach Community Investment Company (LBCIC) and leased to LINC through a long-term ground lease executed on May 28, 2010 and expiring on July 1, 2085.

The LINC Palace Hotel facility includes 14 studio apartments, a community room, counseling rooms, and an approximately 1,000-square-foot retail suite. The retail suite has remained vacant since the facility opened, and is used occasionally by LINC for programming for the residents, such as yoga classes and a food bank. LINC is interested in leasing the retail space to a business owner and operator who will provide a benefit to the residents and surrounding community.

The Economic Development Department is interested in leasing and operating the retail space as a pop-up retail establishment that would be programmed regularly through the Workforce and Business Development Bureaus. The pop-up would be designed as a flexible space and would serve as an incubator for local business owners who want to eventually locate in a brick and mortar location and/or want to increase brand awareness in Long Beach. Economic Development staff would oversee the operations, program the pop-ups, provide guidance and technical assistance to business owners, provide workforce training opportunities for LINC facility residents, and work to ensure the project is beneficial to the community. When the suite is not being used for pop-ups, the Workforce Bureau would have the ability to hold youth training at this location to serve the community in the area.

On September 18, 2018, the City Council approved acceptance of the National Innovation grant with Living Cities in the amount of \$100,000 to foster entrepreneurship and job growth. The cost of the lease with LINC is eligible under the grant.

A proposed lease has been negotiated containing the following major terms and provisions:

- **Landlord:** LINC-Palace Hotel Apartments Housing Investors, L.P., a California limited partnership.

- Tenant: City of Long Beach, a municipal corporation.
- Leased Premises: Approximately 1,000-square-foot retail suite on the first floor of 2640 East Anaheim Street.
- Term: One year.
- Renewal Option: One, one-year option to renew the lease.
- Base Rent: The base rent will be \$3,600 per year. Should the Tenant exercise the option to renew, the option term rent will be \$300 per month.
- Additional rent: The Landlord is providing a turnkey retail suite. A portion of the construction costs, up to \$10,000 will be paid by the Tenant.
- Other terms: Utilities will be paid by the Tenant in an annual amount of \$600. Janitorial services will be provided and paid for by the Landlord.
- Shared use: The Tenant will make the suite available to the Landlord for up to ten days per month on Tuesdays-Thursdays to allow continued programming for residents.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 22, 2019 and by Budget Management Officer Rhutu Amin Gharib on July 25, 2019.

City Council action is requested on August 13, 2019, to execute the Lease in a timely manner.

The total cost of the one-year lease with LINC will not exceed \$14,200, which includes the annual Base Rent of \$3,600, construction cost up to \$10,000, and \$600 for utilities. The first year cost of the lease will be offset by the National Innovation grant from Living Cities and sufficient funds are budgeted in the Community Development Grants Fund Group in the Economic Development Department. If the one-year renewal option is exercised, the Department will identify the funding sources at that time and, if needed, will return to City Council to request appropriation. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER