



## **Economic And Qualitative Impacts Study**

**Star Express Car Wash  
1911 E. Pacific Coast Highway  
Long Beach, CA**

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# Executive Summary

This is an Economic and Qualitative Impact Study for a potential new development at the north east corner of Pacific Coast Highway and Gardenia Street in the central area of the City of Long Beach. The development proposal is to remove the Los Potros restaurant, bar and night club and replace it with a newly constructed, Star Express Car Wash, an automated and supervised car wash facility.

This study will provide a review of the benefits provided by the construction of the Star Express Car Wash. It will also review how the development fits into the City's newly adopted Land Use Element and aligns with the City's Blueprint for Economic Development and explores alternative development opportunities. Also reviewed will be the economic impact of the new construction as well as the qualitative impact of the project, not only on the neighborhood but to the Pacific Coast Highway corridor, the key east-west thoroughfare in the City. Additionally discussed, will be the public safety benefits from the demolition of the Los Potros restaurant, bar and night club, open for live entertainment and dancing from 6:00 p.m. to 2:00 a.m. The night club will be replaced with a newly constructed automated car wash facility meeting all design guidelines of the City, with employee supervision, regular maintenance, night lighting, surveillance cameras and a 24/7 contract with a professional security company, and open only from 7:00 a.m. to 8:00 p.m. The opportunities for employment will be reviewed as well as for the corridor enhancement and beautification.

The conclusion that follows points out how this development proposal will meet the building, design, land use, economic, employment and city beautification goals of the City of Long Beach.

## The Project

SM Wash desires to redevelop the property at 1911 E Pacific Coast Highway in Central Long Beach into a new automated “Star Express Car Wash”. The property is approximately 24,000 square feet located on the northeast corner of Pacific Coast Highway and Gardenia Avenue. The existing indoor restaurant, night club and bar currently located on the property have been closed since March 2020. There is currently limited take out service available from the restaurant. The proposed project will result in redevelopment of the entire site including construction of a new automated car wash facility. The project will use a reclaimed water system that allows for the treatment and reuse of between 60 and 85 percent of water on site and meets all National Pollutant Discharge Elimination System (NPDES) guidelines and standards. The operating hours will be limited to 7:00 a.m. to 8:00 p.m. daily, and the state-of-the-art car wash facility will meet all applicable noise and other standards set by the City. The operation will include on-site staffing of an estimated five employees per shift, and two daily shifts.



# **Preface**

## **ECONOMIST DR. ROBERT KLEINHENZ**

Dr. Robert Kleinhenz, Founder and Principal Economist of Kleinhenz Economics, working with Beacon Economics, was the principal researcher for the City of Long Beach Economic Development Blueprint, laying out economic development goals for the City. This ten-year plan was adopted by the Long Beach City Council in April 2018. In reviewing how the Star Express Car Wash aligns with the City of Long Beach Economic Development goals, Dr. Kleinhenz states:

“With the state dissolving redevelopment agencies across California in 2012, municipalities have sought new ways to reinvigorate their communities and neighborhoods to increase economic vitality while also promoting the well-being of residents. In Long Beach, the City Economic Development Commission responded by producing the Long Beach Economic Development Blueprint, which lays out economic development goals and objectives in support of those goals.

“The proposed Star Express Car Wash development achieves several stated economic development goals as laid out in the Blueprint. This development will improve both the property and the corridor in one of the City’s economically disadvantaged neighborhoods, and in doing so will promote economic inclusion, encourage new business attraction and real estate development, and improve the quality of life for residents.”

# Introduction

The City of Long Beach is a 52 square mile city along the coast in the southeast section of Los Angeles County. With a population close to 463,000<sup>1</sup>, Long Beach is the seventh largest city in California. Once considered a Navy town, Long Beach is a diverse and dynamic city that, based on the recent data, has the following ethnic breakdown: 42.6 percent Hispanic, 28.2 percent White, 12.7 percent Black, and 13.1 percent Asian<sup>2</sup>. Its employment base is also diverse, changing from a heavy reliance on military jobs, to new opportunities in Arts, Design, Entertainment and Technology. The City is embracing change, creating a place for everyone to live, work and play.

There are many unique neighborhoods within Long Beach, but few are denser than the Central area. It has twice the population per square mile as the citywide average (see figure A on page 20). While the Central area houses a high number of the City's residents, necessary services are mostly underserved. Central Long Beach also supports major transportation corridors, Pacific Coast Highway, Anaheim Street, Willow Street, Long Beach Boulevard, Atlantic Avenue and the Metro A Line.

Before 2011, Long Beach was actively involved in funding new housing, infrastructure, and blight removal in the Central area through the California Community Redevelopment Act. The end of Redevelopment has stalled most revitalization efforts, and now the City looks to encourage private investment to further its economic development goals.

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<sup>1</sup> <https://www.census.gov/quickfacts/longbeachcitycalifornia>

<sup>2</sup> <https://datausa.io/profile/geo/long-beach-ca/#demographics>

## Land Use Element:

### Central Long Beach

The City is currently in a lengthy process to update its General Plan. After a two-year public process, the Planning Commission and City Council adopted the new Land Use Element (LUE) of the General Plan. An important part of the LUE concerns Central Long Beach where this new project will be located. The LUE states, “the Central area exhibits some serious land use issues. Developed before zoning existed, and afterwards developed with very lenient zoning standards, these neighborhoods are challenged by an inconsistent pattern of land uses, some incompatible land uses, and a limited supply of recreational open space. Major and minor rehabilitation is needed for much of the housing stock, and many commercial sites and buildings need attention as well. Marginal retail strips with trampled landscapes and neglected building façades become a blighting influence inviting crime to these neighborhoods.” There are a number of Land Use Element policies that may also be relevant: **LUE Policy 5-1:** Require safe, attractive and environmentally sustainable design, construction and operation of all buildings, landscapes and parking facilities in employment and educational centers. **LUE Policy 6-1:** Encourage a mix of land uses that is diverse, innovative, competitive, entrepreneurial, local and sustainable, which thereby promotes economic development, increases City revenues, expands job growth and increases value, access and usability for existing neighborhoods and communities. **LUE Policy 7-4:** Encourage degraded and abandoned buildings and properties to transition to more productive uses through adaptive reuse or new development. **LUE Policy 7-8:** Ensure infill development is compatible with surrounding established and planned uses. **LUE Policy 10-2:** Complete neighborhoods by allowing low-intensity commercial uses to locate along neighborhood edges, in transition areas and at key intersections. **LUE Policy 18-1:** Require that new development creatively and effectively integrates private open spaces into project design, both as green spaces and landscaped courtyards. **LUE Policy 18-2:** Enhance street corridors and spaces between buildings by incorporating small green areas, native and drought-tolerant landscaping and street trees.

The new construction of the automated Star Express Car Wash meets many of the policies in the LUE adopted by the Planning Commission and the City Council:

- Provide safe, attractive and environmentally sustainable design
- Encourage a mix of land use that is diverse, entrepreneurial and promotes economic development
- Complete neighborhoods by allowing low intensity commercial uses to locate along neighborhood edges
- Enhance street corridors

# Alignment with City of Long Beach Blueprint for Economic Development

In 2015, the Mayor and City Council tasked the Economic Development Commission with developing recommendations for a Citywide Blueprint for Economic Development. The policy document was to outline goals, objectives, and recommendations to provide a catalyst for economic activity across the City. Beacon Economics was selected to provide the economic analysis that included expert panel study sessions, best practice plan review, listening sessions, focus groups and key reports. The Blueprint included feedback from all areas of City Management including the Mayor and City Council, the Economic Development Commission, the City Manager's Office, the Economic Development Department and the Development Services Department.<sup>3</sup>

The 10-year plan was published and adopted by the City Council in April 2018. Mayor Robert Garcia states in the report, "Economic development is the cornerstone of the City's vision for Long Beach". Economic Development Commission Chair, Randal Hernandez, points out the need to, "... foster economic inclusion in low-income communities". A key vision of the plan is for the City to serve as a catalyst for solutions to civic and socio-economic challenges and opportunities. Throughout the Blueprint there are policy guidelines aimed to spur development in disadvantaged areas, beautify blighted corridors and address the value of Community Revitalization.

The Project will address a number of key objectives identified in the Economic Blueprint, including the following focus areas:

- **Engines of Growth:** A stated purpose of this focus area is to, "Increase investment in low-income communities". The project site is located in one of the lowest income communities in the City. Currently the night club and bar with live entertainment is not operating and generating any tax. The indoor portion of the restaurant has been shuttered for almost a year. It is also unlikely this operation will be able to weather the economic storm of the pandemic. The purchase of the site for redevelopment has already resulted in an increase in property tax, and the proposed redevelopment will add an additional \$2.6 million in construction investment in the site, further contributing to the City's property tax base.

In addition, the site will most definitely provide a new and higher source

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<sup>3</sup> [http://www.longbeach.gov/globalassets/economic-development/media-library/images/edd\\_blueprint\\_final\\_june](http://www.longbeach.gov/globalassets/economic-development/media-library/images/edd_blueprint_final_june)

of property taxes with a reassessed value upon the sale including the new \$6 million investment. Unlike the current restaurant, bar and night club, the proposed automated car wash use is a “pandemic-resistant” use, ensuring the economic viability of the proposed use as a stand-alone business and as an attractor to nearby businesses.

- **Quality of Life:** The very first stated objective of this category is to increase investment and strategies that enhance public safety. The proposed use will reduce demand upon limited public safety resources in the City. Currently, the site is home to the Los Potros restaurant, night club and bar, which offers alcohol service as well as live entertainment and dancing. The existing use permit allows live entertainment and dancing on site from 6:00 p.m. until 2:00 a.m. As discussed further below, the current use has introduced noise and crime and facilitated homeless activity that negatively affects the site and surrounding uses, including multi-family residences to the north. This activity has created a significant impact to the surrounding community. The site is a major crime hot spot (more in the public safety section) with severe late night noise impacts to the residential neighborhood adjacent to the north boundary of the site. Beyond crime and noise, the Los Potros structure dates to the late 1960s and that building as well as the large unmaintained and unlighted parking lot that surrounds it contribute to visual blight. The site is visible to vehicles and pedestrians travelling east or west on Pacific Coast Highway, one of the City’s key corridors, as well as vehicles travelling north on Cherry Avenue toward Signal Hill. The construction of a state-of-the-art car wash facility that meets all of the City’s development, architectural and design guidelines, including site lighting and landscaped buffer zones, would be a welcome improvement to the physical appearance of the Pacific Coast Highway corridor, and to the safety of the immediate area as discussed further below.

- **Jobs and Workforce Development:** Central Long Beach, according to US Census Data, represents more of the diverse neighborhoods in the City. The Project will support the City’s job and workforce development objectives by creating new employment opportunities and will consider working with the Pacific Gateway Workforce Innovation Network to fill needed positions. This commitment helps further the City’s goals of creating equity in employment and new job opportunities. Additionally, the Project is located near two educational institutions, Long Beach Polytechnic High School and Long Beach City College, providing a good opportunity for students who live in the area looking for work. Working through Pacific Gateway, the project will ensure the hiring process meets the guidelines and goals set by the Long Beach City Council in the areas of inclusiveness, diversity, equity, and local hires.

- **Opportunity Zones:** One of the Economic Development tools available to the City of Long Beach are Opportunity Zones.<sup>4</sup> The City of Long Beach Economic Development Department has specifically endorsed the Opportunity Zone Program as a key economic driver and has published and distributed marketing material entitled, “Capitalizing on Opportunity Zones”. There are 19 census tracts in the City of Long Beach which have been designated by the Federal Government as possessing such economically distressed metrics to qualify for the federal tax benefits of an Opportunity Zone. The subject property at 1911 E. Pacific Coast Highway is in Census tract 5733, which is one of the 19 census tracts qualifying for this financial economic incentive.<sup>5</sup>

These zones were established in December 2017 through the Federal Tax Cuts and Jobs Act to encourage investment in low-income communities through Qualified Opportunity Funds. The Internal Revenue Service (IRS) identifies an Opportunity Zone as an economically-distressed community where new investments may be eligible for preferential tax treatment. The proposed Star Express Car Wash will introduce a new business within one of the City’s qualified Opportunity Zones.

In summary, it is clear the project meets many of the goals and policies of the Blueprint for Economic Development, certainly in the area of Engines of Growth, Quality of Life, and Jobs and Workforce Development. The site is even located in a federally recognized Opportunity Zone created to encourage economic development and new construction in targeted census tracts. Additionally, as highlighted in the earlier section, “Land Use Element Goals: Central Long Beach”, the project meets many of the goals highlighted in the LUE section of the City’s General Plan and will go a great way to reduce blight, improve public safety and beautify the Pacific Coast Highway corridor.

## **Economic Impact of Project**

The Project provides for a positive economic impact to the area. Currently, 1911 E. Pacific Coast Highway is occupied by Los Potros, a dated restaurant, bar and night club. The current building and parking lot are in poor repair, adding to the feeling of blight along the Pacific Coast Highway corridor through the Central area of Long Beach.

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<sup>4</sup> <http://www.longbeach.gov/economicdevelopment/real-estate-development/opportunity-zones/>

<sup>5</sup> <http://www.longbeach.gov/globalassets/city-manager/media-library/documents/memos-to-the-mayor-tabbed-file-list-folders/2018/october-11-2018---opportunity-zones-program-update>

to the feeling of blight along the Pacific Coast Highway corridor through the Central area of Long Beach.

**Investment and Experience:** SM Wash is an experienced developer and quality operator with a number of Star Express Car Wash facilities across Southern California. The company is investing approximately \$6 million to redevelop this site. The land acquisition is approximately \$2 million, construction is estimated at \$2.6 million, and the washing equipment is estimated at \$1.4 million. Most recently, SM Wash has constructed and opened Star Express Car Wash facilities in the cities of Bellflower and Riverside. Another facility is under construction in the City of Covina and scheduled to open May 2021. Two more projects are in the building permit phase in the cities of Hemet and Azusa.

**Taxes and Fees:** The private investment of \$6 million includes payment of all city fees associated with planning review, building review and inspection of the proposed facility. This amount is expected to be in the tens of thousands of dollars.

Additionally, the project will generate new property tax. With the recent purchase and proposed enhancements, an updated property tax assessment will be completed. Property tax is an important revenue source for the City's general fund, supporting public safety, recreation, and infrastructure. Long Beach receives 24 cents from every property tax dollar paid on a private property throughout the city. This site, 1911 E. Pacific Coast Highway, was purchased in November 2019. The former net taxable value was \$1,194,891. After the purchase the net taxable value increased to \$2,025,000. The annual property tax paid increased from \$15,464 to \$30,391.

**Construction:** The proposed redevelopment will create three buildings totaling approximately 3,760 square feet and will require multiple disciplines to construct, including:

- **Supervision** (Inspection, Engineering, Project Superintendent): 2-3 employees
- **Sitework** (Demo, Clearing, Paving, Grading, Storm Drains): 2-3 employees
- **Foundation** (footings through slab): 2-4 employees
- **Framing** (steel erection, roof system to dry-in): 4-7 employees
- **Electrical** (interior and exterior): 1-3 employees
- **Plumbing:** 1-3 employees
- **Roofing:** 2-3 employees
- **HVAC** (including duct work and refrigeration units): 2-4 employees
- **Drywall/Casework** (interior + ceilings): 2-4 employees
- **Glazing:** 2-3 employees
- **Painting:** 2-3 employees
- **Landscaping** 3-5 employees

Between 25-45 construction workers with different skills/specialties that are necessary to complete the Project will be employed on site.<sup>6</sup> It is estimated the time to complete construction, installation and testing of on-site equipment will range between 9-12 months.

As described by the Economic Policy Institute, such construction jobs produce employment beyond their economic sector through ties with other sectors. That is, “production in one industry depends on suppliers in other industries (backward linkages), while wages earned in the production and supplier sectors are spent in other economic sectors (forward linkages).” The employment multiplier effect for construction jobs is estimated to be 226 percent.<sup>7</sup> For every 100 construction jobs another 226 indirect jobs are created. In addition to the 25 – 45 jobs created by project construction, as many as 100 indirect jobs will be created in support of this project.

**Operations:** The car wash will operate from 7:00 a.m. – 8:00 p.m., daily, and will be staffed by approximately five employees at all times when the business is open to the public. At least two shifts will be required resulting in at least 10 on-site employees.

For purposes of comparison, the multiplier effect for automotive maintenance, according to the Economic Policy Institute, is 214 percent.<sup>7</sup> For every 100 automotive maintenance jobs, an estimated 214 indirect jobs are created. Assuming the same or a similar rate applies to a car wash use, the Project may support 20 indirect jobs in addition to the estimated 10 on-site jobs. Together with the construction-related employment, nearly 200 jobs will be created or bolstered by construction and operation of the new automated car wash facility.

## Qualitative Impact of New Construction and Operation

This site currently is home to the Los Potros restaurant, bar and nightclub which operates with a permit for dancing and live entertainment from 6:00 p.m. until 2:00 a.m. The existing building is surrounded by a blighted parking lot. The surrounding area of Long Beach has been designated by the Federal Government as an economically distressed low-income community, and is considered by the City of Long Beach to be a high crime location.

The project will result in the removal of the blighted building and parking lot, and the construction of a modern complex of three buildings surrounded by attractive landscaping features as well as lighting site-wide. The result will be a state-of-the-art quality facility that allows visibility across and through the site, and introduces an active daytime use with operating hours between 7:00 a.m. and 8:00 p.m. daily.

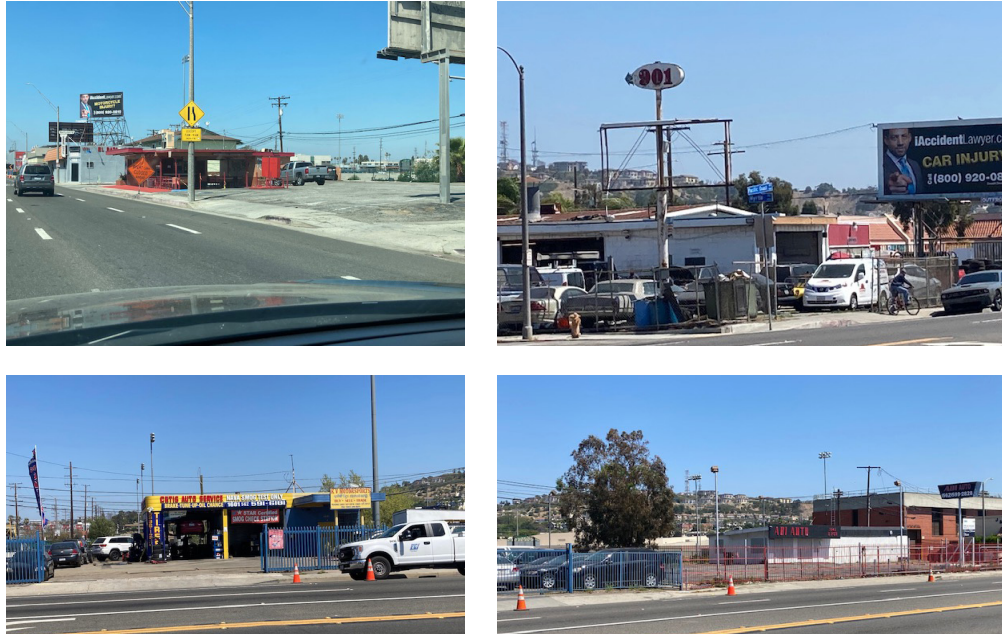
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<sup>6</sup> <https://www.bls.gov/>

<sup>7</sup> <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>

The following are benefits for the surrounding area associated with the proposed redevelopment:

**Elimination of Blight:** Pacific Coast Highway is perhaps the most iconic corridor in the State of California. However, while driving through Long Beach, it is obvious, Long Beach is home to perhaps the most blighted section of this historic corridor in the entire state. In fact, the subject property and its neighbors to the west reflect that extreme blight.



This blight has existed for decades. In 1993, the Central Long Beach Redevelopment Project Area was adopted by the City which includes this property. This was in direct response to the civil disturbances of 1992. Structural damage to buildings in the project vicinity during the disturbances totaled over \$19 million, accounting for 91 percent of the City's total damages.

The proposal to eliminate this blight with a commercial development all but guarantees the elimination of this blight after decades of decay and an uncertain future. After receiving entitlements, the owner of the property will promptly develop and occupy the new commercial use without the need to market for a tenant.

**Eliminating a magnet for homelessness:** Homelessness has an impact on local businesses and surrounding communities. Homeless encampments adjacent to service businesses deter potential customers and visitors, and homeless encampments adjacent to residences foster concerns regarding health and safety. Long Beach conducts annual counts of its homeless population. While the City's 2021 count was cancelled due to the current pandemic, homelessness has been on the rise in recent years, as demonstrated by the City-wide counts from 2017 – 2020.<sup>8</sup> Long Beach experienced a 31

<sup>8</sup> [http://www.longbeach.gov/globalassets/health/homeless-services-division/homeless-count/a\\_homeless-data-exchange-hdx\\_final-20200611](http://www.longbeach.gov/globalassets/health/homeless-services-division/homeless-count/a_homeless-data-exchange-hdx_final-20200611)

percent increase in homelessness during that period, from 1,208 unsheltered individuals in 2017 to 1,582 unsheltered individuals in 2020. With homelessness on the rise before the pandemic, the new economy has made it worse. Due to the blighted condition of the subject development site (1911 E Pacific Coast Highway), the property is experiencing increased homeless activity, which is visible when driving the Pacific Coast Highway corridor. Members of the homeless population continue to congregate, loiter, and sleep at the location, despite the City's efforts to address it. This is supporting additional homeless activity at Chittick Field, and along the old Pacific Electric right-of-way.

The Star Express Car Wash will redevelop this very blighted site and activate the area seven days per week from 7:00 a.m. to 8:00 p.m. The new construction will meet all City architectural and design guidelines and have regular maintenance service for landscaping, trash, graffiti and loitering. The large, blighted parking lot will be redeveloped into a new service business which will not operate after 8:00 p.m. on any day of the week. The live entertainment, dancing and ABC liquor license bar activity will be abandoned eliminating a great deal of public safety, loitering and noise concerns for the community. This activation will positively impact homelessness experienced at the site. Additionally, the new project will maintain night lighting and a contract with security service provider, RTI Systems, which will maintain the property with 24/7 surveillance cameras with audio/mic function to prevent illegal activities. They also will be able to contact the Long Beach Police Department on an immediate basis.

**Small Business Development During COVID:** During a November 12, 2020 State of the Economy presentation before the Gateway Area City Managers, Dr. Robert Kleinhenz stated that “it appears small businesses are seeing the greatest economic impacts from the ongoing pandemic.” In California, the first stay at home order was issued on March 19, 2020.<sup>9</sup> At that time Long Beach, similar to the rest of the country, was experiencing an unprecedented positive economy. Unemployment was at its lowest level in decades. Crime was at its lowest level in a generation. The City's budget was healthy and stable. The City's investment in a new \$500M civic center, was spurring a surge in development across Long Beach not seen in a generation. The City's traditional economic engines were firing on all cylinders such as the Long Beach Airport, Port of Long Beach, and the Convention and Visitor's Center. The Aquarium of the Pacific, with its opening of the new \$52 million IMAX theater expansion, was seeing record attendance. Corridors throughout the City were experiencing a surge of retail growth with new Business Improvement Districts created in several neighborhoods. The new Long Beach Exchange shopping center at Douglas Park had recently opened featuring many new small businesses. It was a time of prosperity.

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<sup>9</sup> <https://www.gov.ca.gov/wp-content/uploads/2020/03/19.20-attested-EO-N-33-20-COVID-19-HEALTH-ORDER.pdf>

The COVID pandemic changed all that. The stay-at-home orders, the social distancing mandates, limitations on travel and tourism, and closing indoor restaurant dining have left many businesses reeling. The Federal Government and the City have stepped up to assist small business, but is it going to be enough? The Federal CARES ACT and Paycheck Protection Program (PPP) financial infusion has helped some, but many are simply not going to reopen when closure mandates are lifted.

The City has done its part with respect to retail, by creating outdoor eating space within the public right-of-way. The new parklets have been a popular option for many restaurants. While this has helped, more is needed. Long Beach must be as business friendly as possible to help grow the fractured economy. The City should do everything in its power to recruit, assist, facilitate, and reduce the bureaucratic burden to encourage new small business investment. Especially when those investments align with the City's economic development goals and policies.

## **Alternative Development Opportunities**

The property in question is 24,000 sq ft, just over one half of an acre. The current zoning for the property is split. The majority of the property – approximately 73 percent – is zoned Regional Highway Commercial (CHW). The northernmost 27 percent of the site is zoned R-3-S. Neither zone is conducive to mixed-use development: no residential use is allowed in the CHW zone (LBMC Table 32-1) and commercial uses are generally not allowed in the R-3-S zone (LBMC Table 31-1).

In order to harmonize the zoning and allow for a cohesive and viable development, the proposed project requests a zone change to make the entire legal parcel conform to the predominant zoning of the parcel and the vicinity: CHW. CHW zoning surrounds the site to the south, east, and west, with a small area of CNR zoning to the northeast and a small area of R-3-S zoning to the northwest.

The proposed development is an automated express car wash owned and operated by an affiliate of the property owner. The following is an assessment of alternative uses of the site other than that proposed by the property owner.

**Residential:** An alternative to zoning would be to apply the existing R-3-S zoning across the entire site, to allow residential on the entire lot. If R-3-S zoning was applied across the property, residential density would be limited to 3 units per lot and development would be limited to a maximum height of 25-feet 2-inches. While ground floor commercial use is encouraged along commercial corridors within the Land Use Element, that is not achievable with the R-3-S zone, which generally prohibits commercial use.

Given the limited range of uses and the limited density, residential development at the R-3-S scale would not be economically viable at this location. Nor would it achieve important goals for the Pacific Coast Highway corridor. The majority of the surrounding land uses, are low rise commercial uses including a gas station and auto repair uses adjoining the site to the east, commercial retail uses to the west, and a motel to the south. While ground floor residential use could be appropriate along the Gardenia Avenue frontage, it would not be recommended along the Pacific Coast Highway frontage given the busy commercial nature of the corridor.

To allow a larger multi-family or mixed-use development, the entirety of the site would need to be rezoned to a multi-family zone that corresponds to the current General Plan land use designation: Neighborhood-Serving Centers and Corridors-Moderate. Those zones include: Neighborhood Commercial or Residential (CNR); Community R-4-N (CCN); or Office-Commercial (CO). As shown below, assuming all development standards can be met and setting aside any financial feasibility concerns, the hypothetical maximum number of residential units achievable on site would be 10 units in the CNR zone, and 24 units in the CCN or CO zones. Maximum building height ranges from 25 feet and 2 stories in the R-3-S zone and 40 feet in the CO zone.

Development Standards						
		R-3-S	CHW	CNR	CCN	CO
Required Yard (ft)	Front	15 ft	10	0 (if MU); 8	15	15
	Side	10% lot width, not to exceed 10 ft, but not below 3 ft	10	0 (if MU); 5	10	15
	Adj. to side yard res.		10	10	10	20
	Adj. to rear yard res.		20	20	20	20
	Adj. to nonresidential		5	5	5	5
Yard between parking and property lines (ft)	Front	-	6	30	15	30
	Side	-	6	6	10	15
	Alley	-	14	14	14	14
	Adj. to residential	-	5	5	5	5
	Adj. to nonresidential	-	5	5	5	5
Minimum Setback from Curb (ft)		-	10	10	10	10
Minimum Lot Size (sf)		6,300	20,000	5,000	10,000	20,000
Minimum Lot Width (ft)		50	-	25	120	120
Maximum Building Height		25 ft/2 stories	28 ft/2 stories	28 ft/2 stories	38 ft/2 stories	40 ft
Residential Density		1 unit/2,100 sf	None Permitted	1 unit/2,400 sf	1 unit/975 sf	1 unit/975 sf
Open Space		250 sf/unit	-	250 sf/unit	150 sf/unit	150 sf/unit
Maximum Dwelling Units		3 per lot	0	1/2400 sf site area	1/975 sf site area	1/975 sf site area
Maximum D.U. at 1911 E. PCH		3	0	10	24	24

Source: Long Beach Municipal Code Tables 31-2A, 31-2B, 31-4, 32-2, 32-2A, 32-3, and 32-3A.

The uses allowed within the Neighborhood-Serving Centers and Corridors-Moderate PlaceType include: “Neighborhood-serving, moderate-intensity commercial uses; Moderate-density apartment and condominium buildings on larger parcels of land”. On such larger parcels, up to 54 dwelling units per acre are permitted, and up to seven stories height, within a Floor Area maximum of 1.5:1. However, as noted above, the applicable zoning designations further limit development density and height.

Similar to the land use compatibility issues of the R-3-S scenarios described above, there are compatibility issues with denser multi-family development at this site. Examining this stretch of Pacific Coast Highway, between Gardenia Avenue and Atlantic Boulevard, there are virtually no multi-family residential developments. The corridor contains sporadic single-family dwellings with no front yard setbacks as depicted below. It is our opinion that market conditions do not support a mixed-use development at the subject site and along this commercial corridor.



*1777 Cherry Ave, Long Beach, CA 90813*

Along Pacific Coast Highway, the nearest multi-family developments are 3 blighted two-story fourplexes almost one mile west of the subject site as depicted below.



*823-843 Pacific Coast Highway, Long Beach, CA 90813*

If the site were developed as a mixed-use development, with ground floor commercial use(s), the proposed automated express car wash owned and operated by an affiliate of the property owner would not be feasible as a ground floor use within a larger mixed-use development. To the extent that an alternative development scenario incorporates ground floor commercial use, tenants would need to be secured. As discussed below, the economic viability of the ground floor retail space is uncertain and economically inferior to the automated car wash business owned and operated by an affiliate of the property owner.

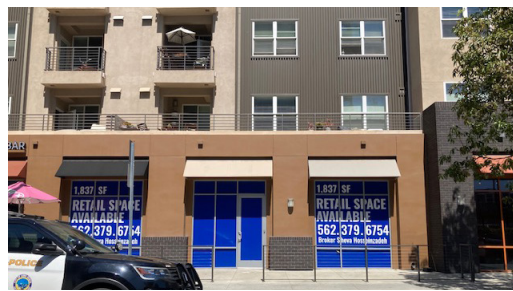
Much of the multi-family zoning opportunities promote first floor retail on corridors adjacent to transit. While the project site is on a corridor served by Long Beach Transit, it is also on a corridor with much retail vacancy. In December 2019, prior to the pandemic, the vacancy rate for commercial retail properties citywide was approximately 5.1%, with an average vacancy term of approximately 9 months. This is not a reflection of what is happening in many parts of the city. Some commercial corridors in the city see vacancy rates significantly higher where retail properties have remained vacant for years, resulting in blighted conditions and depressed neighborhood economic activity.<sup>10</sup>

<sup>10</sup> December 30, 2019 memorandum, Feasibility of a Vacant Commercial Property Fee or Tax Program, from Acting City Manager Tom Modica to the Mayor and Members of the City Council.

There is little precedent for mixed-use (commercial ground floor, residential above) along the Pacific Coast Highway corridor, with the nearest such development located more than one mile west of the subject site at Long Beach Boulevard, immediately adjacent to the Blueline Light Rail Station. The Planning Commission has recently approved mixed-use developments along Long Beach Boulevard and in the downtown. The ground floor retail spaces within those established developments have struggled. At present, there appears to be almost 100 percent vacancy within the first-floor retail areas of the mixed-use developments such as at Beacon Pointe shown below. Additionally, Gallery 421, at 421 Broadway, adjacent to the Police station, Courthouse, and Civic Center, where conditions are more conducive to mixed-use development, still has vacant retail available after approximately 5 years of being open.



*Beacon Pointe Apartments  
1235 Long Beach Boulevard*



*Gallery 421 Apartments  
421 Broadway*

Those vacancies within mixed-use developments persisted notwithstanding a pre-pandemic citywide retail vacancy within the City of Long Beach of approximately 5.1 percent – well below the comparable national rate of 10 percent. The low pre-pandemic vacancy rate was also likely not reflective of conditions in lower-income areas of the Long Beach such as the Central area. Following a lengthy pandemic, it is difficult to assess the current citywide retail vacancy rate, however it is indisputably higher than the pre-pandemic condition. As a consequence, the recent pandemic has likely softened market conditions for ground floor retail within mixed-use buildings, and within the Central area.

Further, it is not clear that the proposed project site reflects the size envisioned by the Neighborhood-Serving Centers and Corridors-Moderate PlaceType as being appropriate for moderate density housing. The LUE doesn't define "large" but it does describe appropriate massing and placement of mixed-use development:

Developments should be transitioned from four to five stories at the center to two- to three-story townhomes or row houses, then to one- to two-story housing at the outer edges. Furthermore, mixed uses and more

building intensity should be located nearest the center of this PlaceType, with housing or lower-scale buildings at the periphery. Commercial circulation and parking should be located away from surrounding single-family homes, and signage and lighting must be sensitive to existing residential neighbors. Gateway elements should be developed to help define neighborhood edges and provide transitions into centers along lengthy corridors.

At approximately 0.55 acres, and within the height and other development standards applicable in the R-3-S, CNR, CCN and CO zones, the above vision cannot be achieved.

**Institutional:** The Neighborhood-Serving Centers and Corridors-Moderate PlaceType description in the General Plan Land Use Element also indicates: “Compatible public facilities are also encouraged”. While schools, parks, libraries and police or fire stations along with daycare or senior care may be encouraged, the property owner has received no indication that the City of Long Beach or Long Beach Unified School District have an interest in purchasing the proposed development site for such an institutional use. Given the location on Pacific Coast Highway and immediate development context, the site should not be reasonably be considered to be of interest to private or non-profit entities operating youth- or senior-serving uses such as daycare.

## **Public Safety**

As noted earlier, the site is located in an economically-distressed community. The current use of the project site is the Los Potros restaurant, night club and bar. The night club has a permit to operate with live entertainment and dancing until 2:00 a.m. The Restaurant sits at the corner of Pacific Coast Highway and Gardenia Avenue with a large 15,000 square foot parking lot adjacent to the night club on the north and the east. This parking lot is extremely blighted with no lighting and limited maintenance being done for years. The northern section, which is closest to the residential neighborhood creates safety concerns due to its darkness at night and no visibility from the Pacific Coast Highway corridor. Although the bar operates until 2:00 a.m., security at the site is only provided on nights when live entertainment is happening.

According to the Long Beach Police Department Vice Detail, Los Potros has generated 28 calls for service during the past 5 years, between 2016 and 2020. Because of the pandemic and stay-at-home orders, only 2 calls for service were seen in 2020 with the remaining 26 calls for service logged in the 4-year period of 2016 through 2019. The year 2018 saw the most incidents with 10. Of the 28 calls for service, 10 were for violent crime and 10 were for property

crime, with the remaining 8 incidents consisting of miscellaneous categories such as drugs and trespassing. The most common crimes reported were for battery. Many were alcohol related.



It is felt the elimination of the Night Club and the Live Entertainment Permit from 6:00 p.m. to 2:00 a.m., to be replaced with a 7:00 a.m. to 8:00 p.m. automated car wash facility with ongoing maintenance, night lighting, surveillance cameras and a 24/7 security contract would be a huge public safety enhancement on this busy corridor.

The physical and operational features of the Star Express Car Wash are expected to eliminate the public safety concerns associated with Los Potros and introduce an active street presence that will contribute to the pedestrian and vehicular experience along the Pacific Coast Highway corridor.

## **Corridor Enhancements**

The City of Long Beach has a long history of attempting to enhance blighted portions of the City. The Central Long Beach Redevelopment Project Area was adopted by the Long Beach City Council and the Long Beach Redevelopment Agency on September 21, 1993. This was a direct response from the civil unrest and disturbances of 1992. Structural damage to buildings in this area during the disturbances totaled over \$19 million. This accounted for 91% of the City's total damages. Notwithstanding the Redevelopment Agency's efforts, this area of the City has suffered relative to other business areas for over three decades. The Pacific Coast Highway corridor through Central Long Beach has been a location of focus for years. Recent investments by the City include the \$12 million renovation of the popular Chittick Field sports facilities and the \$18 million parking garage adjacent to Long Beach City College. The City's Redevelopment Agency worked closely with the Long Beach Community College District to purchase and redevelop numerous blighted properties to help expand the Pacific Coast Campus. Most recently, the City, at the request of Signal Hill, purchased blighted property on the west side of Cherry Avenue, just north of Pacific Coast Highway to expand Cherry Avenue adding two lanes southbound into Long Beach at Pacific Coast Highway, significantly reducing traffic congestion. This facilitated the façade remodel

of the ARCO Gas Station immediately adjacent to the project site, providing a significant visual improvement to the area that will be further enhanced by the proposed project.

The table below illustrates the general demographics of the neighborhoods surrounding the project site. Overall, the Central area is much younger, is denser, and has a higher percentage of renters:

**Figure A - Neighborhood Demographics: Citywide vs. Central Long Beach<sup>11</sup>**

	Population	Avg. Age	Population Density per sq. mile	Density v Citywide	Renters	Renters v Citywide
<b>Citywide</b>	462,628	35.8	9,216		59%	
<b>90804</b>	40,311	30	19,061	207%	73%	124%
<b>90806</b>	42,399	30	12,327	134%	61%	103%
<b>90813</b>	58,911	27	18,360	199%	80%	36%

The Central area is underserved by retail and service businesses and is described in the General Plan Land Use Element as characterized by: “Marginal retail strips with trampled landscapes and neglected building façades become a blighting influence inviting crime to these neighborhoods”. This is in spite of a residential population density that is denser than most communities in the City. The proposed Star Express Car Wash will offer a valuable service to the neighborhood, which does not currently include an affordable automated car wash that allows drivers to remain in their vehicles. The proposed development will also introduce a modern quality complex of three small buildings to the site, and incorporate attractive landscape buffers within a site that will be maintained by an on-site staff.

## Conclusion

The proposed development of the Star Express Car Wash at 1911 E. Pacific Coast Highway meets the City’s objectives for renewal in multiple ways. First, it aligns with key focus areas of the Long Beach Blueprint for Economic Development through Economic Inclusion, Jobs and Workforce Development and Quality of Life. Second, it leverages the City’s investment in revitalization of core business corridors through the removal of blight and upgrading the subject site. And third, it improves public safety by removing a location that commonly generated the need for police and fire, including calls for service to address homelessness. As well as meeting many of the goals and objectives in the City’s Blueprint for Economic Development, adopted by the Economic Development Commission and the City Council, this project meets many of

<sup>11</sup> <https://www.census.gov/quickfacts/longbeachcitycalifornia>

the policies outlined in the Land Use Element of the General Plan, adopted by the Planning Commission and the City Council. The Blueprint for Economic Development will guide projects like this for the next ten years while the Land Use Element will guide the future of the City's General Plan for land use and development for a generation to come.

Given the project site has split zoning with the northern most 27 percent zoned R-3-S, and the 73 percent of the portion on the corridor is zoned Regional Highway Commercial (CHW), other alternative development opportunities were explored. The Long Beach stretch of Pacific Coast Highway between Gardenia Street and Atlantic Avenue has virtually no multifamily development. The only mixed-use project (multifamily above retail) can be found west of Atlantic Avenue on Long Beach Boulevard immediately adjacent to a light rail station. The site, at only 0.55 acres is not large enough to create a mixed-use residential project similar to those found at Long Beach Boulevard and in the downtown. Additionally, there has been no interest in institutional public facilities by the city or the school district. There also has been no interest in daycare or senior care adjacent to the auto shop use and facing the busy Pacific Coast Highway corridor. The current owner is ready and able to design, construct, and through an affiliated entity, to operate the proposed automated carwash. This is the best opportunity in decades to improve this property with a neighborhood-serving and compatible development, and in keeping with the policies of the General Plan, will contribute to a meaningful transition along the Pacific Coast Highway corridor to active daytime use and well designed, built, and operated facilities.

The project is located within an economically distressed area, which is a federally designated Opportunity Zone. The new investment will create both construction and operational jobs. Additionally, the project will generate an economic multiplier effect resulting in more than 200 percent positive impact when considering indirect jobs that support the project and the workers.

Corridor revitalization will be one of the most lasting elements of the project. The Pacific Coast Highway business corridor through the Central area of Long Beach has been a focus of the City for years. It was a key target for the City's Redevelopment Agency, assisting with blight acquisition, removal, and renewal efforts through the Central Project Area Committee. Investments by the City and Long Beach City College have spurred revitalization. Private investment is now needed to continue the success to date. SM Wash is making

a \$6 million investment into this project and ultimately that will contribute to the beautification and activation of the corridor.

Lastly, the new business will improve public safety for students, residents, and visitors of the area. The current business on the project site generates calls for police to address both violent crime and property crime. And more recently, with the night club closed due to COVID, the property is experiencing homeless encampments adding to the general disrepair of the property.

The new Star Express Car Wash is a positive project, and one the City should support to assist with its goals of economic development, corridor revitalization and public safety.