



Legislation Text

File #: 21-0998, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary for a Second Amendment to Sublease No. 35339 with LINC-Palace Hotel Apartments Housing Investors, LP, a California limited partnership, for the City's continued use of a portion of the retail suite at 2640 East Anaheim Street, for pop-up retail and City programs. (District 4)

On August 13, 2019, City Council authorized Sublease No. 35339 (Lease) with LINC-Palace Hotel Apartments Housing Investors, LP (LINC), for the City's use of a retail suite measuring approximately 1,000 square feet (SF) on the ground floor of 2640 East Anaheim Street (Premises) (Attachment) for pop-up retail and City programs. LINC, which operates and manages the Premises, also operates a 14-unit affordable housing facility for transition-aged youth above the Premises, known as the Palace Hotel. 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.

Due to the impacts of the COVID-19 pandemic and the Safer at Home directive, the Economic Development Department (ED) did not get to utilize the Premises for as much pop-up retail as originally anticipated. However, as local businesses begin their recovery efforts, it is anticipated that demand to utilize the Premises will increase. In addition, ED has been using the Premises to conduct its BizCare Program Corner Pop Ups, wherein business owners who have been impacted by the COVID-19 pandemic are connected to important resources and information, such as grants, loans, technical assistance, information on City policies, and more.

The current term of the Lease expired on August 31, 2021. ED has negotiated an extension with LINC, which would allow the City to continue its use of the Premises for an additional year, with one one-year Renewal Option. To memorialize the extension of the Lease, a Second Amendment of the Lease is required.

The proposed Second Amendment to the Lease will include the following significant terms and conditions:

- Landlord: LINC-Palace Hotel Apartments Housing Investors, LP, a California limited partnership.
- Tenant: City of Long Beach, a municipal corporation.
- Amended Term: September 1, 2021 through August 31, 2022.

- Renewal Options: One one-year renewal option.
- Base Rent: The base rent will be \$3,600 per year, payable in monthly installments of \$300. This rate is unchanged from the prior term of the Lease.
- Utilities and Custodial: 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 Premises available to the Landlord for up to ten days per month on Tuesdays-Thursdays to allow continued programming for residents.
- Ad Hoc Shared Use: The Tenant acknowledges that the Landlord may opt to use the Premises in connection with services for residents from time to time. If the Landlord is desirous of an ad hoc shared use of the Premises, then Landlord will notify the Tenant by providing the Tenant with 14 days prior written notice.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 9, 2021 and by Budget Management Officer Rhutu Amin Gharib on September 15, 2021.

City Council action is requested on October 5, 2021, to ensure the Second Amendment to the Lease can be executed in a timely manner.

The recommended action will extend the Lease for one year for a cumulative annual Base Rent in an amount of \$3,600 and \$600 for utilities. Costs associated with this lease will be absorbed in the General Fund Group in the Economic Development Department. 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:

THOMAS B. MODICA
CITY MANAGER