

November 19, 2024

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to adopt a resolution declaring the 14,663-square-foot parcel of City-owned property located at 1858 Atlantic Avenue, APN 7210-016-904, as non-exempt surplus property as defined in Government Code Section 54220 *et seq.*; and authorize the City Manager, or designee, to take any actions and execute any documents necessary to ensure compliance with the Surplus Land Act and State regulations relating thereto. (District 6)

DISCUSSION

The City of Long Beach (City) is currently fee owner of the property located at 1858 Atlantic Avenue, Assessor Parcel Number 7210-016-904 (Subject Property) (Attachment). The Subject Property is an approximately 14,663-square-foot parcel improved with a presently red-tagged 4,800-square-foot vacant building set for demolition, a side yard, and an adjacent parking lot. The Subject Property was originally purchased and owned by the City's Refuse Fund for use as a recycling education center but was subsequently purchased by the City's General Fund and leased to Centro C.H.A., Inc., pursuant to Lease No. 35521 (Lease) for the development and operation of a workforce Development Center. Rising labor and construction costs made the development of the Subject Property cost-prohibitive and unfeasible. Therefore, on May 7, 2024, the City Council authorized the City Manager to terminate the Lease and cancel escrow, which has been completed.

The City was in process of evaluating potential reuse of the Subject Property when the structure experienced a second-alarm fire on July 8, 2024, and was damaged beyond repair. Staff received notice that the building had been red tagged, as the structure is unsafe to occupy and been deemed uninhabitable, prompting the process for demolition to commence. Given these considerations, staff recommends proceeding with the disposition of the Subject Property. Disposition of the Subject Property requires compliance with the Surplus Land Act (SLA) and would allow interested parties a potential opportunity to reactivate the Subject Property. Further, disposition would generate sales proceeds as well as property tax by returning the Subject Property to the tax rolls.

The SLA, as codified in Government Code Section 54220 *et seq.*, requires all public agencies to prioritize affordable housing as well as parks and open space when disposing of surplus land. Surplus land is land owned by a local agency that is determined to be no longer necessary for the agency's use. Recent changes to the SLA, through Assembly Bill (AB) 2135, (i) revise procedures for disposition by sale or lease of surplus land by local agencies, (ii) extend the good

faith negotiation period with potential affordable housing developers to 90 days, (iii) deepen affordability requirements where an affordable housing project is developed on the site, and (iv) add a requirement that if negotiations with an affordable housing developer are unsuccessful, then any residential development on the surplus land over 10 units must make at least 15 percent of the units affordable. Further, AB 2135 no longer allows exceptions and requires local agencies to adopt a Resolution declaring property as either "surplus" or "exempt surplus" at a regular public meeting of the agency's governing body.

The Subject Property does not qualify as exempt under the SLA. The Subject Property is, therefore, considered to be non-exempt surplus land, as defined by the Government Code Section 54220 et seq. and it is recommended that the City Council, as the legislative body of the City, adopt a Resolution making this finding. Upon determination that the Subject Property is non-exempt surplus land, the procedures set forth in the SLA must be followed. Procedures applicable to surplus land require the City to issue a written notice of availability of the Subject Property to certain entities, for a period of 60 days, as follows:

- For the purposes of developing low- and moderate-income housing, a written notice of availability of surplus land must be sent to any "local public entity" as defined in Health and Safety Code Section 50079 within whose jurisdiction the surplus land is located and to "Housing Sponsors" that have notified the California Department of Housing and Community Development (HCD) of their interest in surplus land. Local public entities include the Long Beach Community Investment Company and the Housing Authority of the City of Long Beach.
- For open space purposes, a written notice of availability of surplus land must be sent to the Los Angeles County Department of Parks and Recreation, Los Angeles County Regional Park and Open Space District, the State Resources Agency, or any agency that may succeed to its powers.
- For the purpose of use by a school district for school facilities construction or open space purposes, a written notice of availability of the surplus land must be sent to the Long Beach Unified School District.

If the City receives a letter of interest from any of the above entities, the City will enter into concurrent good-faith negotiations with all such entities for a period of 90 days. If terms cannot be agreed upon after 90 days (or if no entity gives notice of interest), the City may proceed with the disposition of the Subject Property. However, any residential development on the Subject Property that contains 10 or more units must restrict 15 percent of the units for affordable housing. Any agreement for the sale of the Subject Property would be brought before the City Council for consideration.

This matter was reviewed by Deputy City Attorney Ashleigh Stone on October 23, 2024, and by Budget Management Officer Nader Kaamoush on October 31, 2024.

TIMING CONSIDERATIONS

City Council consideration of the Resolution is requested on November 19, 2024, to allow the City to implement actions necessary to comply with the SLA and continue the disposition process for the Subject Property.

FISCAL IMPACT

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Bo Martinez
Director
Economic Development

APPROVED:



THOMAS B. MODICA
CITY MANAGER