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## Prices Continue Increasing Across Long Beach Real Estate Markets

■ By **BRANDON RICHARDSON**  
Senior Writer



Phil Jones, president and CEO of Long Beach-based Coldwell Banker Coastal Alliance, said prices steadily increased in the city's single-family real estate market in June compared to the same time last year. Jones is pictured at 8017 E. Roper St., a home currently in escrow. (Photograph by Brandon Richardson)

Residential and commercial real estate sales prices and rental rates continue to increase in Long Beach, according to industry experts. Though

prices continue to climb across all markets, rate of appreciation has begun to slow, Edward Coulson, a professor of economics and the director of re-

search at the University of California, Irvine Center for Real Estate, noted.

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## New Exemptions To Worker Status Bill Revive Debate Over Independent Contractors

■ By **ALENA MASCHKE**  
Senior Writer

In April of 2018, the California Supreme Court's ruling on *Dynamex Operations West v. Superior Court of Los Angeles County* sent shockwaves through a variety of industries that rely heavily on the work of independent contractors. The ruling against the same-day delivery service Dynamex established stricter standards for classifying independent contractors and replacing the formerly used Borello Test. Since then, a bill proposed in the State Assembly has sought to codify the court's decision into law. But a recent wave of exemptions for certain professions has re-energized critics who question the workability of the court's ruling.

Assembly Bill (AB) 5, a legislative proposal authored by Assemblymember Lorena Gonzalez, would broaden the applicability of the court's decision to cover not only work-related issues governed by wage orders – such as wages and work hours – but the labor code, which includes provisions for unemployment insurance and workers' compensation. First introduced in December 2018, the bill recently went through a number of amendments, carving out exemptions for emergency room doctors, estheticians and other professions, a move that critics have described as a sign that the underlying test for classifying workers is flawed and “unworkable.”

“If the ABC test were truly great, there would be no need for this bill since Dynamex became law over a year ago,” Shawn Lew-

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## Two Assembly Bills Seek To Change Charter School Regulations

■ By **DENNY CRISTALES**  
Staff Writer

Significant changes would be in store for California charter schools if two pieces of legislation set for vote by the State Senate are approved.

Assembly Bill (AB) 1505 seeks to make changes to the

charter school authorization, oversight, appeals and renewals processes. AB 1507 intends to change an existing law that allows charter schools to operate outside of the district that authorized them.

Both bills were introduced on February 22. California 70th District Assemblymember Patrick O'Donnell, a co-author of both bills, told the Business Jour-

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## MILLENNIAL PULSE

### The Normalization of Gun Violence

■ By Editor **SAMANTHA MEHLINGER**

After the first week in August, in which our nation experienced three mass shootings, I realized something. That since the moment I began coming of age – let's call it age 13 – I have been watching our nation die. Not the nation itself, as a governmental institution. But our nation of Americans – the lives that

make up our country.

I saw a tweet last week by a contributor to The Onion, Dan Sheehan, that said: “Why do millennials complain all the time? idk man, we watched 2,000 people die on live tv when we were ten and then literally nothing ever got

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# PortSide: Keeping Up With The Port Of Long Beach

■ By **ALENA MASCHKE**  
Senior Writer



Nadya Hernandez likes to get into specifics: the specifics of construction projects, to be exact. As a civil engineer with the Port of Long Beach’s Engineering Design Division, Hernandez and her team review requirements for planned projects to ensure that once companies start bidding for the opportunity, they know exactly what’s expected of them. “We get involved with almost every construction project that the port does,” Hernandez noted. “We have to think about the qualifications that we require and make sure that the language is put in the contract documents very clearly, so that the contractors are able to bid in an effective manner and they know whether they’re qualified or not,” she explained. Her-

nandez joined the port as a civil engineering associate in 2015, after receiving her degree in the field from the University of California, Irvine. Last year, after completing the necessary certifications, she was promoted to the position of civil engineer on the division’s specifications team. “One of my favorite things right now is that I work under a person who loves what they do,” Hernandez said, a nod to the team’s senior civil engineer, Erin Alvarez. Overall, she noted, the port has been a great place to kick start her career. “The port provides a spectrum of opportunities to learn, to grow professionally and just to challenge oneself,” Hernandez said. ■

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# John Shen, Founding Partner Of Sunstone Management Inc. And CEO Of American Lending Center

■ By **ALENA MASCHKE**  
Senior Writer



*Editor's Note: John Shen is a founding partner of Sunstone Management Inc., a private capital management and investment firm, and the CEO of American Lending Center, a specialized non-bank lender focused on EB-5 visa investment opportunities. Both companies are headquartered in Downtown Long Beach and employ a total of 33 people locally. American Lending Center, which was founded in 2009, has offices across the nation. Together, the two companies have a total of 44 employees globally.*

**LBBJ:** Your company, Sunstone Management Inc., has garnered some attention recently, especially through its involvement with the city's first startup accelerator. Can you provide some company history?

**Shen:** The company started back in January 2015. We don't have a long history, but this company has grown tremendously in the past few years. A part of the reason is that before we started this company, we already had a pretty strong, high net-worth clientele that we built with our other company, American Lending Center. So we have many investors who are ready to make some investments. This is a company that we believe would be able to provide them with those opportunities.

**LBBJ:** Sunstone Management Inc. focuses on finding small business investment opportunities for international investors. How common is this investment approach and why did Sunstone decide to focus on it?

**Shen:** I'm a big advocate for small business. If you look at how we operate

all our businesses, I think the key is that we love small businesses. We believe that small business and entrepreneurs – grassroots entrepreneurs – are the true engine of the U.S. economy. I mean, they create 70-80% of the jobs. We love those business owners, we love to see them grow, we love to help them. This is why we started American Lending Center using the SBA loan program as the primary investment vehicle. Now, Sunstone [has the same philosophy]. We love to look at opportunities where we can invest, but we can also help the small business to grow. At this point, the primary investment programs we have built for Sunstone include our fixed-income fund that goes to the lower-middle market [segment of the economy]. These are still small businesses, but they're a little bit larger than the small shops on the street. We're also looking at a lot of venture capital opportunities, where we can help startup companies to grow. So that's our main focus for Sunstone.

**LBBJ:** Long Beach is home to a robust financial services industry. What sets Sunstone apart from the competition?

**Shen:** Long Beach has a solid financial sector, but I don't think it has a solid foundation for startups. The traditional finance industry doesn't really help startups; it doesn't really help them in the way that it helps other sectors. Startups need some special financing opportunities because, let's face it, they don't have a solid cash flow, which means they can't get a traditional commercial loan from the

banks. They don't have a lot of assets where they can secure any financing or any equity. All these things are challenges for startups to grow. They can't access the traditional capital. So this is why, I think, Sunstone can help them: because we do private equity funds. We have access to capital that we can use to support the small business growth.

**LBBJ:** Personally, you've been doing business in Long Beach since 2009. Can you talk about your experience working in the city?

**Shen:** I love Long Beach. Before I chose the World Trade Center location, I was actually shopping around. I looked at different locations in Southern California and I thought Long Beach had a unique location. It's a big port, so there's a lot of trade activity here, and it's a very dynamic city as far as the economic structure – the ecosystem here – [goes]. Geographically, it's [well-positioned] to attract high-quality employees to work here. It's not too far from LAX, it's not too far from Orange County, it's not too far from Downtown Los Angeles. Yet, it doesn't have the traffic, it doesn't have the big city problems that we usually see, for example, in Downtown L.A. This is the reason that I thought this was the best place to do business. Over the years, I [have come to] believe that we've made a smart decision. Long Beach, to me, is the best place to work.

**LBBJ:** Where do you see as the biggest opportunities for foreign investment in Long Beach?

**Shen:** The port business is an interesting opportunity for a lot of for-

eigners. I've got clients who told me that they wanted to relocate to Long Beach simply because they were in the export-import business. But I think on top of that, Long Beach has a pretty active government that has pushed out a lot of new policies to support international businesses to relocate to Long Beach. We have been entertaining delegations, a lot of entrepreneurs, businesses from other countries. We know that they love Long Beach. It's going to take a little bit of time to attract all this foreign investment to Long Beach, but I think the future looks really good.

**LBBJ:** What are some traits or skills every executive should strive to cultivate?

**Shen:** Number one, you have to love what you do. This is the key. You need passion to lead a company. As an executive, you've got to work hard. You lead by example, so you need to let people – especially your employees – understand that this is a great business. That's why we work hard. And the other thing is that you need to mold your company into a well-run machine. In other words, you need to create chemistry, you need to create a culture that supports the operation. I think we're still in the process, but I enjoy the process. Corporate culture means that if you're part of the company, you share the same vision, you share the same values; that you can click with anybody else in the company and do anything that [the] company wants you to do. I think that's the key. ■



# Small Business Center Helps Entrepreneurs Determine Steps For Expansion

■ By **DENNY CRISTALES**

Staff Writer

For aspiring entrepreneurs who are interested in starting a business but have no clear path on how to get started, the Long Beach Small Business Development Center (SBDC) aims to serve as a roadmap.

Hosted by Long Beach City College at 4900 E. Conant St., the SBDC is a product of the Small Business Administration (SBA), a United States government agency that provides support to small businesses. Offering services at no cost, the SBDC offers one-on-one consultations with specialists and hosts workshops to inform clients about growing their business. “We help clients understand how to prioritize what they should be doing so it doesn’t become this massive exercise in trying to do this and trying to do that,” Brad Pollock, director of the Long Beach SBDC, said.

In the event that someone is thinking of starting a business, Pollock often recommends attending SBDC workshops before meeting an advisor. He said most individuals who have thought of a business concept and attend the workshops realize they need to do more research or flesh out their ideas further. “They offer tremendously helpful information, all of which is thought provoking and allows people, we hope, to be able to make the right decisions,” Pollock said.

The SBDC workshops include topics entitled “Starting A Small Business” and “Creating An Effective Business Plan.” Hosted either onsite or at community centers throughout the county, the workshops are intended to deliver information such as start-up expenses and financing, outlining a business plan and expanding business ideas. The workshops are free. A full schedule is available at [longbeachsbdc.org](http://longbeachsbdc.org).

org/workshops.

Seyed Jalali, City of Long Beach economic development officer, said the SBDC is part of the economic development operations of LBCC, which has served as the host of the center since 2006. As the center’s legal entity, LBCC enters agreements or contracts and assumes the legal obligations of the SBDC.

The Long Beach SBDC is part of the Los Angeles Regional SBDC Network, which assists small business owners throughout Los Angeles, Santa Barbara and Ventura counties. As such, the SBDC serves around 17 cities in the region with a team of about 12 advisors, Pollock said. According to the SBA, there are 64 SBDCs in the country.

Per a contractual agreement with the city, the SBDC receives \$115,000 a year through a Community Development Block Grant to provide services at the site, according to Jalali.

Jalali said the city’s economic development department and the SBDC work closely together to refer clients to one another. He added that the SBDC is a crucial ally in referring clients to the city’s loan programs, for instance. “They are really the primary provider of technical assistance for the entrepreneurs who subsequently find their way to the city for access to capital,” he said. “We heavily rely on partners, such as the SBDC, to provide that basic and fundamental training for our clients.”

Two local businesses that have benefited from SBDC services over the years are WonderTent Parties and On Stage Music Academy.

Trish Healy is owner of the Los Angeles-based WonderTent Parties, a sleepover and special event company



Brad Pollock, director of the Long Beach Small Business Development Center, said the center assists entrepreneurs with one-on-one advising. The no-cost center also offers specialized workshops throughout the region. (Photograph by Brandon Richardson)

that serves kids and adults. After attending two workshops, Healy said she was assigned SBDC’s Mike Huntley as an advisor. Huntley helped structure the mission of her business before she officially launched it in 2017. To this day, he still provides ongoing consultations with Healy about her business. “[The advisors] treat you like they [are] going to support you,” she said. “No question was too silly. . . . He was really thoughtful, responsive and he just knew his stuff.”

On Stage Music Academy, located at 2221 Palo Verde Ave. in Long Beach, was launched by owner Bill

McRae in 2014. The academy provides music instruction, such as instrumental and voice lessons in private and group settings. McRae, who approached the SBDC a year before opening the academy, said the center was a significant part in determining if the business should launch. “We picked up a few things here and there [through workshops], but mostly their individual help is what kicked us forward,” he said. “Having their expertise helped me move much quicker . . . as opposed to me doubting [the concept] and probably not doing it at that point.” ■



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## Independent Contractor Debate

(Continued from Page 1)

is, policy director of the National Federation of Independent Business (NFIB), said in a press release following the adoption of amendments in July. “But the undeniable truth is the current status of the law is unworkable for far too many small businesses and entrepreneurs in a state as diverse as California.” The ABC test, which was implemented as part of the Dynamex ruling, set forth three criteria, all of which have to be met for a worker to be rightfully classified as an independent contractor under the new law.

The test requires workers to A) be free from control or direction of the hiring entity, B) perform work that is outside of the hiring entity’s usual course of business and C) that the worker is customarily engaged in an independently established trade, occupation or business of the same nature as the work performed.

From trucking companies to strip clubs, the ruling incited a variety of responses. Many companies – as well as some independent contractors – have argued that the new regulation would disrupt functioning business models and force some workers into employee status against their will. Others see the ruling – and the subsequent legislative proposal – as an opportunity to organize and fight for more independence in worker contracts, or the additional rights that come with being classified as an employee.

Antonia Crane, a stripper, writing instructor, author and founder of Soldiers of Pole, a labor movement for exotic dancers, said the new rules have blown wind into the sails of a workforce eager to improve working conditions. Operating in a work environment that is plagued by sexual assault, racial discrimination and unfair business practices, Crane said dancers only stand to benefit from their newly-won employee status, despite efforts by many clubs to convince them otherwise.

“We’re tired of being stolen from, assaulted and charged to work,” she said, referencing “stage fees” or “mandatory

tip-outs” that dancers have to pay in order to perform at a strip club. “Now that we’re employees, we decided that the stage fees, the assault, the coercion of these bogus contracts – we wanted to fight all of this stuff.”

Stripping is one of the few industries where workers have already reported a wholesale conversion from independent contractor to employee status as a result of last year’s court ruling, according to Crane, as clubs fear litigation from their newly-classified employees. Employers in the industry have lobbied against the new regulations. For example, social media posts show signs posted by the management of several Deja Vu locations, warning dancers of the disadvantages of their new status: less flexible hours and less opportunity to make money. The chain operates a number of strip clubs nationwide – a majority of which are located in Southern California – plus one location in Tijuana, Mexico.

“Those are classic union-busting tactics,” Crane said. “Being an employee has nothing to do with your schedule. Negotiating a contract with your employer is what unions do, and you can negotiate for a certain schedule, you can negotiate for the way that tips are distributed,” she added. “It has nothing to do with your so-called freedom.” Further, Crane noted, employees enjoy more wide-reaching protections against discrimination and wrongful termination, a toolbox that is now available to dancers as a result of their new status.

Consequently, Crane said she would like to see those rights expanded under AB 5 and her labor group, Soldiers of Pole, has no interest in seeking an exemption for their profession. “[As] strippers, we don’t want to be exempt from AB 5. We want to continue this organizing effort to improve this industry,” she concluded.

In other industries, the so-far unrealized possibility of a large-scale conversion toward employee status has raised concerns among industry groups and workers alike. The trucking industry has been at the center of the debate from its inception. While union efforts, such as the

Teamsters’ Justice for Port Drivers initiative, have largely spoken out in support of converting more independent drivers into employees, other stakeholders have taken a more skeptical position.

“I like the way it is now. We pretty much get to be our own boss,” Josue, a driver and owner of a small trucking company, told the Business Journal. He asked for his last name and the name of his company to be withheld out of concerns over union retribution. “For me, I started off as a company man, then I went off and bought my own truck,” Josue said. He later went on to buy a few more trucks, which are now used by independent contractors working for his company.

Many of them, he explained, might want to become owner-operators at some point, or even start their own trucking company, like he did. “If the union would have it their way and everyone would be an employee, that would pretty much kill that whole thing,” Josue stated.

This trajectory is common among port drivers, said Weston LaBar, chief executive officer of the Harbor Trucking Association. “Some of the largest motor carriers in the entire harbor started out with one guy driving a truck,” LaBar noted, referring to the San Pedro Bay ports complex. “These are some of the things, as an industry, [that] we’re trying to preserve.”

For those who prefer the security of an employee position, Josue argued, there are enough companies around that pay a fair wage and offer employee contracts. “It’s up to the drivers; we’re all in demand,” he said.

Assemblymember Gonzalez, who worked as a labor organizer before she was elected in May 2013, said her bill is not intended to force independent contractors into employment contracts against their choice. “That’s not who we’re aiming it at, and we have a lot of exemptions to show for that,” Gonzalez said. “I think we’re providing – and [are] continuing to provide – clarification, so that people who really act as individual small businesses can still have a relationship with another business, without exploiting workers.”

But critics like NFIB argue that in-

dustry-by-industry exemptions fail to reflect the diversity of California’s small businesses, and that corporate tax filings, business licenses and other markers of independent businesses could be used to establish whether workers have been appropriately classified. “If we are going to make exceptions from Dynamex, then it should be based on the nature of the two entities, not what industry they happen to be in,” Lewis said. “Because we fundamentally believe that picking winners and losers in an issue [that is] this important is not the right path.”

Franchisees of the convenience store chain 7-Eleven have used the Dynamex ruling to revive a lawsuit against the company, which is currently making its way through the courts. In the lawsuit, the franchisees argued that 7-Eleven’s franchise contracts exerted so much control over each individual store’s business practices that they couldn’t be considered independent. “They want to be treated like independent business owners, they don’t want to be treated like glorified store managers,” Eric Karp, general counsel of the National Coalition of Associations of 7-Eleven Franchisees, told the Business Journal. Rather than striving to be classified as employees, Karp explained, the group is hoping that the new law will help them gain more freedom as 7-Eleven is required to prove its franchisees meet the requirements of the ABC test.

Steve Smith, director of the California Labor Federation, said the debate around AB 5’s details is a testament to the value of pursuing a legislative route. “I think the author has been very thoughtful in meeting with different groups, industries, business leaders and others to figure out which amendments to the bill would actually make sense and would preserve the integrity of the Dynamex decision, which undergirds AB 5,” Smith said. “That’s the advantage of the bill, as opposed to just going by the court decision, is that we actually have a chance not only to codify the court decision’s language, but to clarify it, so there’s no confusion as to whom it applies and to whom it doesn’t.” ■



Truckers and delivery and rideshare drivers have been at the center of the debate around what defines an independent contractor, which has now made its way from the courts to the state legislature. (Business Journal photograph)



# Union Members May Strike Amid Negotiations With Kaiser Permanente

■ By DENNY CRISTALES  
Staff Writer



As union negotiations with Kaiser Permanente continue, employees such as Sylina Lawanson, a pediatric nurse at Kaiser's office at 3900 E. Pacific Coast Hwy., expressed concern about her work environment. "We don't want to work short[staffed] and we want to protect our jobs," she said. "That's important for the community." (Photograph by Brandon Richardson)

While labor contract negotiations with Kaiser Permanente continue, the unions that comprise the Coalition of Kaiser Permanente Unions (CKPU) have indicated that they may potentially strike later this year. A spokesman said individual unions began a voting process in July to decide if they will strike. However, Kaiser recently unveiled a new proposal to the coalition that may yield a resolution to the debate.

Elita Adjei, director of media relations at Kaiser Permanente Southern California, said bargaining between Kaiser Permanente and the coalition began in mid-April 2019. The contract talks pertain to staffing, the distribution of Kaiser's funds, wages and health care offerings.

The CKPU, a collection of unions with more than 80,000 workers, is representing Kaiser employees nationwide in labor contract negotiations with the company. The most recent bargaining meeting was July 11, when both parties ended the day's negotiations without a mutual agreement. As a result, union members announced in July preparations for a potential strike on an undetermined date in the fall.

Sean Wherley, a spokesman for the Service Employees International Union - United Healthcare Workers West (SEIU-UHW) – a statewide union that is part of the CKPU – said coalition members are voting through September to potentially authorize a strike, targeted at Kaiser's

"unfair labor practices." The coalition claims that Kaiser has not been transparent about the use of its profits, in particular when it comes to the distribution of adequate health care benefits and wages for employees.

"Kaiser Permanente has lost its way," he said. "It is a nonprofit that was designed to serve the interests of the community, and it's moved from that. . . . When the workers were talking to Kaiser, it was about restoring the partnership between both labor employees and managers, one that used to be designed to find solutions. And now [Kaiser] is disregarding them as if they play no role in the delivery of patient care."

Adjei said Wherley's claims are false. She said Kaiser spends 97% of its revenue in direct spending toward care and coverage for the roughly 12 million members it serves. The other 3% is invested back into the organization, she added. "Our priority is always the health and safety of our patients, members and employees," she said. "We spend 100% of our revenue to deliver on our mission."

Kaiser Permanente introduced a proposal on July 26 to the CKPU that would provide annual pay increases, maintain employee benefits and create a program that would seek to reduce a national shortage of health care workers. The company publicly announced the proposal in

an August 2 press release.

The proposal includes: annual wage increases of 3% each year through 2022 for employees in Northern and Southern California; \$40 million for a workforce development fund to help train new hires; preserving an existing employee pension plan; and improving on an existing tuition reimbursement program for employees that would add \$250 to their travel funds.

However, in response to the proposal, Wherley said he is not interested in hearing about it until the next labor negotiation meeting, the date for which is yet to be decided. "The coalition will negotiate at the appropriate place – the bargaining table – not in the media," he said.

According to Adjei, the coalition's demands have been unfeasible. She said the CKPU put forward a proposal that would increase Kaiser Permanente's wages 32% above the market over the next five years, "adding a billion dollars to our labor costs," she said. "As we are always working to make care affordable, the coalition's demands are not fair to our members and the communities we serve," Adjei said. Wherley confirmed with the Business Journal that proposals have been put forward during bargain talks with Kaiser, and he said the intent has always been to prioritize the best interest of workers.

Sylina Lawanson is a pediatric nurse at the Kaiser Permanente office in Long Beach at 3900 E. Pacific Coast Hwy. Lawanson, a four-year employee and a SEIU-UHW union member, said there is a breakdown between Kaiser management and workers. Lawanson said the Kaiser Permanente site in Long Beach is understaffed, a problem that she said persists statewide. She told the Business Journal that she believes Kaiser is not doing enough to solve the issue. "We want them to restore the partnership between management and U.S. workers," she said. "We want a safe working environment.

We don't want to work short [staffed] and we want to protect our jobs. That's important for the community."

Wherley indicated that CKPU's national contract with Kaiser expired last September. He said that despite the contract's expiration, CKPU is representing its individual unions, all which have different contractual agreements and expirations with Kaiser sometime this year. SEIU-UHW's contract expires September 30.

Wherley said Kaiser backed out of contract negotiations with the CKPU in March 2018 when it learned that union members were attempting to put forward legislation that would mandate financial disclosures from certain health care entities, including Kaiser.

In a statement, Adjei denied the allegations that Kaiser purposely broke off the talks. She also said Wherley is "inaccurate" in saying that the coalition's contract expired last year, emphasizing that bargaining negotiations between Kaiser and CKPU will continue through September. When asked to clarify the inaccuracy of the contract deadline, Adjei simply confirmed that SEIU-UHW's contract expires September 30.

Despite the dissension between both entities, Adjei said there has actually been common ground between the CKPU and Kaiser throughout the bargaining process. Although the timeline is unclear on when the next bargaining meeting may be and whether the CKPU will accept Kaiser's latest offer, Adjei said the company hopes to reach a mutual agreement.

She added that the looming threat of a strike is a "negotiating tactic" to put pressure on the company. "At this time, no strike has been officially called, and union leaders and management are continuing to talk and work toward a mutually beneficial agreement," she said. ■

## Construction Begins On MemorialCare Pediatric Facility



MemorialCare staff and city and state officials were joined by Miller Children's & Women's Hospital Long Beach patients to celebrate the groundbreaking of the Chereese Mari Lauhere Children's Village on July 24. The 80,000-square-foot facility will consolidate outpatient pediatric services in more than 36 specialties that are currently spread across the city. The medical office also will include a laboratory, pharmacy, imaging and rehabilitation gyms. (Photograph by Brandon Richardson)



# Downtown And Midtown Likely To Be Focus Of Inclusionary Zoning Proposal

■ By **ALENA MASCHKE**  
Senior Writer

Driving down Long Beach Boulevard, the contrast between the landscape of Downtown Long Beach and that of the remaining city is starkly obvious. Below 8th Street, single-family homes and strip malls give way to towering office buildings and multi-story apartment complexes, with hovering cranes promising more vertical growth in the near future.

It is that growth and the flurry of development activity in the downtown area that led city staff and a team of hired consultants to identify Midtown and Downtown Long Beach as the most feasible testing ground for any inclusionary housing policy the city might consider. This is one of the main findings published in a memo presented to city leadership in July, describing the preliminary results of an economic feasibility study on inclusionary zoning. Inclusionary zoning is one of several tools the city is considering to increase production of affordable and workforce housing in an effort to help combat a statewide homelessness and housing crisis.

It's important to note that the economic feasibility study doesn't represent a recommendation by city staff yet. Instead, such a study is a required part of the process for any ordinance to be considered by city leadership and can help inform future policy proposals. In the case of inclusionary zoning, the purpose of such a study is to identify the threshold at which affordable housing requirements, which are commonly imposed as a percentage of affordable units in new developments, could create a negative economic impact. If the percentage requirement is set too high, it could stifle the development

of housing overall, Patrick Ure, manager of Long Beach Development Services' Housing & Neighborhood Services Bureau, explained.

A detailed report on the feasibility of an inclusionary housing policy is yet to be released. But the memo provides a sneak peek into the areas of the city that may see requirements for affordable units in the future, the potential rent and income restrictions such units could be placed under, and alternative solutions for areas of the city where the analysis produced inconclusive results, due to a persistent lack of overall development.

To prevent locally adopted inclusionary zoning policies from having a negative impact on the overall development of housing, such policies are subject to review by the State Department of Housing and Community Development, under certain circumstances. The California Government Code also requires local jurisdictions to remove all constraints to development, including inclusionary zoning requirements, in areas where development has been stagnant.

In Midtown and Downtown Long Beach, where certain levels of inclusionary zoning have been deemed economically feasible, according to the memo, a number of possible percentage requirements for affordable units were considered. Analysts calculated feasible percentage requirements for affordable units matching just one income category – renters with either very low, low or moderate income – or a mix of different units, to match a combination of income groups.

The difference in affordability between the three income categories used

in the analysis is significant. For example, analysts found that a very low-income renter could afford to pay a maximum of \$605 per month to rent a studio apartment, while those in the moderate-income category could afford to pay \$1,373 for the same size unit. To come up with these numbers, analysts referred to the household income levels used by the Department of Housing and Urban Development (HUD) to define very low, low and moderate-income households in the Los Angeles-Long Beach-Glendale metropolitan area. Analysts operated under the standard assumption that spending 30% of annual household income on rent is the maximum percentage considered affordable.

If the city were to adopt a policy focused on spurring the development of units affordable to very low-income renters, analysts deemed that requiring 11% of newly developed units to fit this category of renter would be economically feasible. If the focus was placed on moderate-income renters, that percentage would increase to 19%, as this income group can afford to pay higher monthly rents than their low- and very low-income peers.

An alternative calculation looked at the option of requiring a mix of affordable units for different income categories. For example, it would be economically feasible for a city ordinance to require 11% of new units to be affordable if those units were split into two income categories, with 80% going to very low-income renters and 20% reserved for their low-income peers, the analysis found.

Generally, local nonprofits focused on developing affordable housing have emphasized the importance of integrated communities, where residents of different income levels live side by side. Brian D'Andrea, senior vice president of housing at Century Housing, a nonprofit lender to developers building affordable housing, stressed the importance of preventing socio-economic segregation. "I'm supportive of the idea of inclusionary housing in general and I like the idea of creating mixed-income, integrated, seamless communities throughout the city," D'Andrea told the Business Journal.

Further, D'Andrea noted, an inclusionary housing policy could provide additional funds for the city to spend on affordable housing. "The real need in Long Beach is the need for a local, dedicated source of revenue that the city can invest in affordable housing," he said. In-lieu fees, which developers pay as an alternative to developing affordable units in

zones covered by inclusionary housing requirements, could help bolster such funds.

For areas of the city in which full-fledged inclusionary zoning may not be economically feasible, city staff and consultants laid out a number of incentives they say could help spur the development of affordable units. Some of the incentives outlined in the memo are already in place. For example, the density bonus program – which the city is required to offer by the state – allows developers to build a higher number of units per acre than originally permitted at a specific site. The program offers other potential concessions, such as reduced parking requirements. Other policy proposals listed in the memo include city-sponsored homebuyer loans and inclusionary housing policies based on project size.

Claire Okeke, communications manager of Long Beach-based nonprofit Clifford Beers Housing, said her organization was supportive of such incentives, especially in areas that currently lack development overall. "You can't do less development than what's happening now, and I do think there's a place for incentives," Okeke said. But, she noted, her organization is also partnering with developers of market-rate housing to help move the inclusion and development of affordable housing along. "The current tools that we have in the county and in the state are obviously not enough, because our homelessness crisis is just getting worse and worse," she noted. "So we are looking at some of those partnerships to integrate market-rate with low-income and very low-income units."

Additionally, Okeke said her organization would welcome a program that incentivized the use of accessory dwelling units (ADUs), also referred to as "granny flats." ADUs describe separate living quarters attached to or located on the property of a single-family home. She also noted that the impact of an inclusionary housing policy in reducing homelessness could be increased by including a category for extremely low-income renters. "Adding a fourth category like that, that basically represents homeless and vulnerable populations, could be a tool to promote very low rent as a safety net for people who are on the verge of homelessness," Okeke explained.

The full report on the economic feasibility of an inclusionary housing policy in Long Beach is yet to be released. A release date was not announced by press time. ■



The 48-unit Vista del Puerto apartment complex, a project of local nonprofit Clifford Beers Housing, is currently under construction in the South Wrigley neighborhood of Long Beach. The new affordable housing development would fall within the strip of Midtown and Downtown Long Beach where inclusionary zoning has been deemed economically feasible. (Rendering courtesy of Clifford Beers Housing)



# Reported Traffic Collisions Increase Following Broadway Redesign

■ By **ALENA MASCHKE**  
Senior Writer

Incident-level collision data released by the Long Beach Police Department (LBPD) show that calls for service related to traffic collisions on Broadway have increased in recent months, following a reconfiguration of the roadway. In January, police were called to the corridor five times and filed three reports related to traffic collisions. In February, police responded to four such calls, filing one report. In contrast, police received 11 collision-related calls for service in May – the first full month of use for the new street design – and 15 calls in June, 12 of which resulted in a report being filed.

LBPD data on calls for service and reports relating to traffic collisions noted 16 injuries and no traffic-related fatalities on Broadway between Alamitos and Redondo avenues this year. Of the 16 injuries, 10 occurred between April 17 and June 30, after the new road design debuted.

In a meeting with press at the end of July, public works staff stated that collisions for the period of mid-April to June 30 had been 20% lower than the five-year average for the same time period. However, to arrive at this conclusion, staff counted only collisions caused by vehicles going east to west or vice versa on Broad-

way, not those caused by vehicles crossing Broadway while going north or south. The dataset used by city staff also counted only 19 collisions within that timeframe, while incident-level data released by LBPD showed 30 calls for service and 24 reports filed by LBPD officers.

The reconfiguration of Broadway has drawn criticism from residents and local businesses, who have bemoaned a lack of parking and loading zones as well as what they see as an increased risk of collisions. On the other hand, there are many in the cycling community, as well as some residents, who have lauded the new layout, citing greater safety for pedestrians and cyclists. The thoroughfare has been reduced from two lanes to one lane in each direction, with parking and bike lanes occupying the remaining road space.

The new road layout came online on April 17. This means that collision data released by the LBPD reflects less than three months of use for the new design, a limited timeframe as Jennifer Carey, an executive assistant with the Long Beach Public Works Department pointed out. “Typically we like to give ourselves six months to gather that data and find out what the normal is.”

The Long Beach Business Journal has requested data for previous years for comparison and will provide an update as soon as additional data has been released by the LBPD.

The new layout is part of the city’s Vision Zero plan, Carey said. Vision Zero is a multinational effort to eliminate traffic fatalities through traffic management and public infrastructure design.

The city finds itself in a bind: businesses and residents have asked for more parking, but changes to increase parking space – such as reducing buffer zones around driveways – would reduce visibility for drivers exiting onto the street. “What we don’t want to do is make any changes that could possibly take it back and make it more dangerous for bicyclists or pedestrians,” Carey said. “But we also want to do as much as we can to add some parking into the corridor.”

Now, the city is planning to gather more feedback from residents and local businesses. “The community is coming to us with concerns,” Carey said. “We don’t want that to fall on deaf ears.” But, she noted, “at this time, we don’t have any plans for [the redesign] to be reversed.” ■

# Proposed Fiscal Year Budget Focuses On Homelessness, Public Safety

■ By **DENNY CRISTALES**  
Staff Writer

In 2018, city staff had projected a \$9.3 million budget shortfall for Fiscal Year (FY) 2020. But at a press conference on July 31, city officials unveiled a balanced budget proposal for FY 2020. The proposed \$2.8 billion budget prioritizes resources for homelessness, public safety and economic development. However, city officials forecasted shortfalls for FY 2021 and 2022.

The proposed budget is comprised of:

- \$1 billion in the Enterprise Fund, which charges the public for services such as utilities (gas, water, sewer), development work, refuse/recycling, airport operations, towing and more.
- \$554 million in the General Fund, which provides general services, such as public safety, public works and libraries. It is funded through taxes, fees, fines and transfers.
- \$503 million in the Internal Services Fund, which accounts for internal services provided to city departments.
- \$257 million in the Special Revenue Fund, which funds undertakings that are paid for by the state and federal grants, taxes or designated revenue sources for special purposes. For example, the revenue budget feeds into the Health Fund and Transportation Fund.
- \$207 million in the Tidelands Fund, which supports operations and capital projects along beach areas through proceeds from oil revenues.
- \$85 million in the Capital Projects Fund, which is used for the planning, design and construction of major capital improvements.

- \$35 million in the Debt Service Fund, which accounts for the payment of governmental debt.

- \$12 million in the Uplands Oil Fund, which is non-Tidelands Fund oil revenue used to fund operations and capital.

The city’s General Fund accounts for 20% of the total budget, split between \$521 million in recurring costs and \$33 million in one-time costs. City Manager Pat West said the General Fund is supported through general tax revenues.

The General Fund dedicates 71% of its budget to public safety and includes revenue from Measure A, a sales tax used to fund public infrastructure and public safety services. The General Fund is broken down as follows: 48% for the Long Beach Police Department (LBPD); 20% for the Long Beach Fire Department; and 2.6% for the city’s Department of Disaster Preparedness and Emergency Communications. “Public safety is always our priority,” West said. “It’s the top priority of any city in America.”

Leveling off the other 29% of the General Fund is: 8.1% for the city’s Public Works Department; 7% for the Long Beach Parks, Recreation and Marine Department; 4.7% for elected and appointed officials, which includes salaries, civil service positions, district budgets, election work, etc.; 2.9% for library services; and 6.8% for “other,” which includes development, financial and economic activities for the city, among other services.

The FY 2020 proposed budget covers the time span from October 1, 2019,

to September 30, 2020. The budget was developed by the city manager and staff with input from city departments and councilmember offices. After Long Beach Mayor Robert Garcia submitted the proposed budget to the Long Beach City Council on July 31, local residents have had an opportunity during community meetings this month to provide their input on the financial plan before it is officially adopted. The full calendar of meetings is available at [longbeach.gov/finance](http://longbeach.gov/finance).

Throughout August and September, city departments will provide their insight on the budget during community hearings. The first adoption date for the budget will be September 3, when the city council can approve a portion or the entirety of the FY plan. September 10 is the second adoption date, when the city council has to officially approve the entire FY 2020 budget, per city charter.

## Housing And Homeless Initiatives

Highlighting the city’s success in permanently housing more than 5,000 formerly homeless people since 2013, West said the proposed budget incorporates resources from grants and the General Fund to address the city’s homeless issue. Last year, the city received \$27 million in grant funding, including \$5 million from Los Angeles County’s Measure H sales-tax revenue and \$12.3 million from the state’s Homeless Emergency Aid Program (HEAP).

Rapid-response, cleanup and outreach

efforts for local homeless individuals will be funded by \$255,000 of one-time resources from the General Fund. Moreover, \$25,000 from the General Fund will finance the ongoing utility costs at the Housing Navigation Center, a facility located at 1718-1722 Hayes Ave. that the city obtained through one-time HEAP funding dollars. The site will function as a services center for homeless individuals and as a storage facility for their belongings, West said. The city plans to make improvements to the building, but has not yet announced a timeline for completion.

In drafting the budget, city officials also considered recommendations made by the Everyone Home Long Beach Taskforce late last year. Part of the taskforce’s recommendations included opening a new 125-bed shelter in North Long Beach at 6841-6845 Atlantic Ave. City officials said they are aiming for a June 2020 opening date.

To address housing affordability, city officials said the proposed budget supports the preservation or construction of 650 new affordable housing units for low-income and homeless residents. The investments in these housing units are made possible by the city’s nonprofit affiliate Long Beach Community Investment Company, which provided more than \$21 million in funding and garnered \$172 million in outside funding for the FY 2020 budget. City staff will also continue work on housing policy items, including inclusionary housing and a safe parking program.



## Public Safety

According to city officials, Measure A funding plays a role in maintaining public safety services. Currently, 121 total jobs are funded through Measure A. Last year, the total was 108 jobs, according to city staff. Through the General Fund, the city will add nine LBPD non-sworn positions to handle operations for the body worn camera program, which started as a pilot initiative and will be expanded and implemented for all police units. These positions will also help the police department meet the state standards of Senate Bill 1421, which pertains to timely public access to police records.

Additional public safety services funded by Measure A include one-time investments in a city jail program, an LBPD neighborhood initiative and police academy training. Measure A will provide \$100,000 for a mental health clinician to serve in Long Beach's city jail. The LBPD's Neighborhood Safe Streets Initiative, a community policing program targeting violent and property crimes, will receive \$2.2 million from Measure A. Additionally, \$1.4 million from Measure A and \$800,000 from the General Fund will go toward the cost of LBPD police academy training in FY 2020 and FY 2021.

## Economic Development And Infrastructure

As part of the city's 10-year Economic Blueprint, the proposed budget allocates funding to expand the city's small business loan program and to research "opportunity zones," a federal tax benefit for investing in underserved communities. Two new positions will also be implemented to administer the city's short-term rental program.

In the proposed FY 2020 budget, the city's Capital Improvement Program is budgeted at \$117 million, including \$19.5 million from Measure A funds, to maintain city infrastructure. West said the budget will be invested in mobility, public facilities, parks and recreation, beaches and waterways, utilities and the airport.

Long Beach Development Services will receive a proposed boost in the form of \$128,000 for project planning technology improvements, as well as \$136,000 in one-time funds for employee training on state building codes.

## Miscellaneous Expenditures

In an effort to garner an accurate count for the 2020 census, officials have allocated \$600,000 of General Fund one-time dollars to support the count, set for April 2020, and the redrawing of district boundaries. Garcia said a county grant has provided an additional \$350,000 to help fund the census count. The money will also go toward contracts with non-profit organizations that may provide additional census work and temporary staffing for a redistricting commission.

The budget also takes into account the allocation of expected cap and trade dollars from the state. City officials confirmed with the Business Journal they expect to receive \$1 million in cap and trade

program funds to distribute to homeowners for energy-efficiency upgrades. Eligible homes will be identified through the CalEnviroScreen tool, an online program by the California Office of Environmental Health Hazard Assessment that locates local communities vulnerable to pollution. The funds will also be used to finance the city's electric vehicle program, which seeks to reduce greenhouse gas emissions by implementing electric vehicle charging stations and introducing zero-emission vehicles in public transportation.

One-time General Fund dollars will go toward the seismic-retrofitting process for Community Hospital, West said. The total investment will be \$1 million.

The General Fund will also help create two new positions for Long Beach Animal Care Services (ACS) dedicated to adoption coordination and administrative support. Officials said \$100,000 of General Fund one-time funds will go toward ACS donation support, which would provide additional resources for animal care in the city.

To address social needs in the community, the budget allocates \$80,000 of one-time dollars from the General Fund to create a full-time position for the city's Language Access Program that provides accessibility to city services, programs and resources for those with limited English language proficiency.

Some recreational and cultural activities will be supported through a proposed allocation of one-time special advertising and promotions funds, West said. The budget includes the planning support for co-hosting the 2028 Summer Olympic Games, the art murals and activities for POW! WOW! Long Beach, wayfinding signage and historical plaques, and matching funds support for the Arts Council for Long Beach.

## Projected Shortfalls And Budget Timeline

Financial shortfalls are projected for at least the next two years following 2020. The shortfall in FY 2021 is expected to fall somewhere between \$5 million to \$12 million, and between \$11 million to \$18 million for FY 2022.

The deficiencies are a result of general expenses growing faster than revenues, West said. The financial issue may lead to citywide service reductions or changes in service delivery, he noted, explaining that FY 2020 will serve as a time frame for officials to address these projected deficiencies. Garcia told the Business Journal that city staff work to solve any projected financial shortfalls months ahead of time in order to present a balanced budget to the public during the summer.

In their efforts to propose a balanced FY 2020 budget to the city council, city officials used the following council-approved guidelines to generate more revenue: increasing parking fines by \$10, minimizing one-time funds; and minimizing enhancements to avoid offsetting service reductions.

The proposed FY 2020 budget does not include structural or one-time fund-

ing for labor agreement costs, since the current costs for a potential new labor agreement in FY 2020 are unknown at this time. West said negotiations are ongoing for a new agreement between the city and 11 labor organizations, which represent city employees.

## Mayor Garcia's Budget Recommendations

In addition to the proposed budget created by city staff, Garcia provided a list of recommendations to include in the FY 2020 plan. West indicated that all of Garcia's proposals will be implemented into the budget.

Garcia announced plans for the new Long Beach Promise Pass program that would provide Long Beach City College and California State University, Long Beach students a transit pass. The cost of the pilot program is \$350,000, funded by Long Beach Transit and the Proposition A Transit funds provided from the county to the city. "This will ensure that students can get to work and school in a way that's not burdensome to them financially," Garcia said. The mayor added that there is a six-month implementation timeline for the program.

Garcia's recommendations for the budget include allocating \$680,000 to create an additional four-person clean team, in addition to the three recommended by city staff, for the public works depart-

ment. The clean teams serve to maintain and beautify neighborhoods. According to the city, the clean teams work proactively with residents, neighborhoods and businesses to remove litter and debris throughout Long Beach.

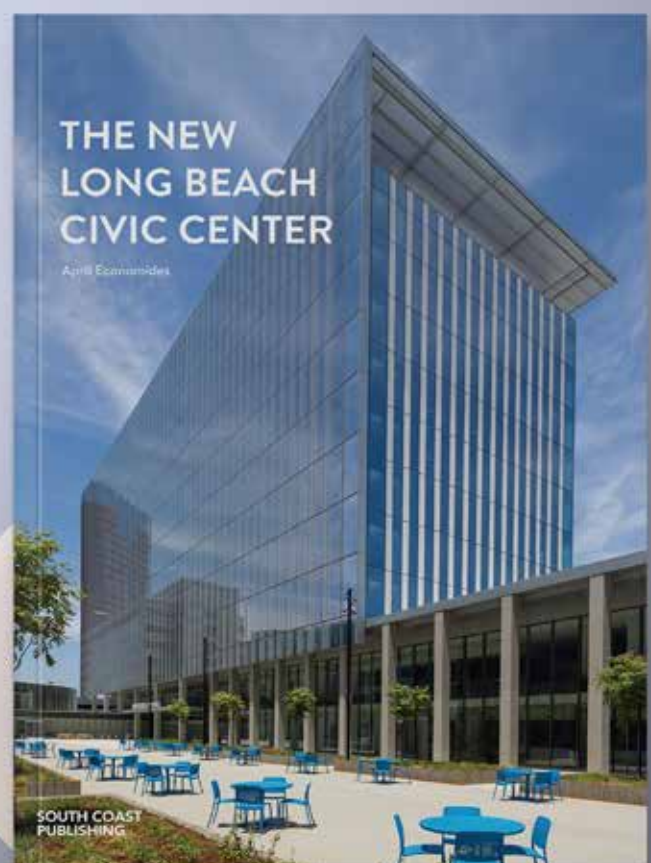
The mayor also proposed using one-time support to allocate: \$153,000 to complete the Daisy Lane tree project; \$100,000 for the second phase of the Bluff Park Historic Street Lamp project; \$100,000 for the planning and design of an ADA playground at El Dorado Park West; and \$22,000 for the Long Beach Public Library Foundation to support a fundraising software platform. Garcia said the revenue will come from projected surplus FY 2019 funds in the General Fund and by reallocating money from the General City Building Refurbishment program in the Capital Projects Fund.

Garcia's recommendations also include allocating \$500,000 in one-time support over two years to fund two positions that address HIV and STD testing in the city. The support is derived from available capital in the Health Fund.

In regard to the FY 2020 budget as a whole, Garcia commended West and city staff in their efforts to make the financial plan "structurally balanced" and "responsible." "[The budget] reflects where the city is going, where our values are and how we're going to spend and save," the mayor said. ■

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# POW! WOW! Beautifies City For Fifth Straight Year

■ By **DENNY CRISTALES**  
Staff Writer

Scattered throughout 20 different locations, global artists united in Long Beach last month and splashed the city's various buildings with vibrant colors. The painting of murals has become an annual tradition in the city during the summer, when POW! WOW! comes to Long Beach.

Introduced to the city in 2015, POW! WOW! is an international street art series that gathers artists from around the globe to paint murals in various cities, such as Honolulu, Tokyo, Seoul and others. A Hawaii native, Jasper Wong founded POW! WOW! to promote art and culture in public spaces. The festival enables artists to decorate Long Beach buildings and walls with colorful visuals.

For the fifth consecutive year, the Long Beach community welcomed POW! WOW! mural showcases at locations in different areas of the city, including Drake Park, the Long Beach Convention & Entertainment Center, Rose Park Roasters and other businesses and municipal sites. This year's event took place from July 21 to July 28.

Partners including creative agency interTrend, the Long Beach Area Convention & Visitors Bureau (CVB) and the Long Beach Museum of Art worked together to plan POW! WOW! activities and mural locations. The Port of Long also co-sponsored this year's event. POW! WOW! artists have introduced more than 100 paintings citywide since 2015, according to event organizers.

Wong told the Business Journal that POW! WOW! has received enough notoriety to readily solicit the work of artists for Long Beach. "We're lucky in that respect, where we have this network of art-

ists that's global, and we can pull them in and have them be involved here for POW! WOW! Long Beach," he said. "It's an opportunity to also work with younger and emerging artists that are still developing their work or haven't even done a mural before."

In the past, artists have arrived from places such as Dubai, Berlin and Tokyo, said Steve Goodling, president and CEO of the CVB. By bringing in global artists, Goodling said that POW! WOW! cements Long Beach as a tourist destination.

Goodling viewed July's POW! WOW! event was a success. He said community feedback has continued to be positive, noting that he often sees people driving by the murals around the city and taking pictures. "The nice thing is that there's a large concentration of [murals] downtown, so it makes for a great walking, running and biking environment to see these murals," he said.

Goodling said the POW! WOW! Long Beach organizers are already planning next year's festivities. Emphasizing the CVB as a major sponsor and collaborator of the event, Goodling said the bureau is in constant talks with the event organizers to determine future locations for murals in the city.

Although there is no current indication as to where the murals will be located next year, Goodling said he has been encouraged by past events well enough to know that the next POW! WOW! will boast a "beautiful" selection of murals for Long Beach. "POW! WOW! continues to enhance the city and, in turn, the city supports a really great public art program," he said. "It's been a wonderful win-win for both parties." ■



A bicycle tour of Long Beach's POW! WOW! mural painting event passed by an artist working on a mural at the City Hall Parking Structure at 332 W. Broadway. The mural by Gabriel and Isaac Fortoul is entitled "Tree of Life." (Photograph by Brandon Richardson)



Located at the City Hall Parking Structure on Broadway, the Fourtoul Brothers' mural, "Tree of Life," was one of 20 murals produced during the city's POW! WOW! event in July. (Photograph by Brandon Richardson)



Artist John Matos, known as "Crash," painted a mural on the side of Supply & Demand, a cocktail bar located at 2500 E. Anaheim St., for the city's annual POW! WOW! Long Beach event. (Photograph by Brandon Richardson)



During the city's weeklong POW! WOW! event from July 21 to July 28, artist Tran Nguyen painted a mural on the side of the Shaun Lumachi Innovation Center, 309 Pine Ave. (Photograph by Brandon Richardson)



# After 42 Years, Officials Say ‘Goodbye’ To The Old City Hall



On July 23, Mayor Robert Garcia, councilmembers and city staff used the city council's last meeting in its 1970s-era chambers as an opportunity to share their perspectives on Long Beach's history and future. They were joined by past and present local elected officials and city staff, including former mayors Beverly O'Neill and Tom Clark, who took part in a celebratory cake cutting of a pastry shaped like the Brutalist-style city hall. In his speech, Garcia noted that many important debates and decisions took place inside the old council chamber, including on issues such as women's and LGBTQ+ rights. The council held its first special meeting in the new Bob Foster Civic Chambers, named after the former mayor, on August 6, with the first regular council meeting taking place tonight, August 13. (Photograph by Brandon Richardson)



Mayor Robert Garcia and City Manager Pat West exited the 42-year-old City Hall building at 333 W. Ocean Blvd. for the last time on July 26. The pair cracked jokes and laughed heartily as West collected and boxed the last of his belongings before they set off down the corridors one final time. City staff had already completed its move into the new Long Beach Civic Center next door, which opened to the public July 30. The Port of Long Beach is also moved into its new building adjacent to the new City Hall. (Photograph by Brandon Richardson)

## Mayor Robert Garcia Files To Run For Lt. Governor, Transfers Campaign Funds

■ By **ALENA MASCHKE**  
Senior Writer

In a statement released by Long Beach Mayor Robert Garcia's chief of staff, Mark Taylor, Garcia announced that surplus funds from his 2018 mayoral campaign have been transferred to a 2026 campaign for the position of Lieutenant Governor of California.

"The Long Beach Municipal Code requires local candidates with excess campaign funds to transfer them within a year of the election cycle," Taylor explained in his statement. "Mayor Garcia has transferred his funds to a Lt. Governor committee in 2026, when a third term as Mayor would conclude. He's made no final decisions about his future and is looking forward to continuing his work as Mayor of Long Beach. He loves our city and our state."

Recent campaign finance forms filed with the Long Beach City Clerk on July 30 show an ending cash balance of \$142,000 in the coffers of Garcia's successful campaign for mayor in 2018.

The position of Lt. Governor is currently held by Eleni Kounalakis, the first woman elected to this position. Kounalakis' term limit ends in 2026. Garcia is not the only candidate to transfer funds to a 2026 campaign for the office; presidential candidate and United States Senator Kamala Harris, Los Angeles City Council candidate and State Senator Kevin de León, and State Controller Betty Yee all filed statements of intention to run. ■



## Real Estate Prices Continue to Increase

(Continued from Page 1)

Home prices continue to climb despite a slowdown in sales. “The bottom line is we seem to be seeing a flattening out of [home] prices in a lot of areas in the Southland,” Coulson said. “You could attribute that to a lot of things, [including] the affordability issue and the last tax bills we had. But we can be encouraged going forward that it doesn’t look like there’s going to be any more [interest] rate hikes.”

Rising prices mean a shrinking buyer pool, which equates to a longer time on market for sellers, according to University of Southern California’s John Loper, an associate professor of real estate. As wages increase, Loper said the buyer pool should grow, as well. He added that many families are moving from coastal cities to the less expensive Inland Empire to buy their first homes.

The multi-family market has been strong, Loper said, citing rising single-family home prices as the key driving factor. “A lot of people are staying in the multi-family realm longer until they can afford to buy their first house,” he explained. Increasing rents and a lack of supply has caused fewer people to move to coastal Southern California areas than in previous years, Loper noted.

In the midst of a statewide housing crisis, Coulson explained that high-density residential developments, such as apartments, condominiums and townhomes, would ease affordability issues by maximizing the introduction of new product. However, he cited NIMBYism (Not In My Backyard) as a constant hurdle. To combat the housing crisis, Gov. Gavin Newsom has pushed for increased housing development.

For years, there was speculation that Millennials would be lifelong renters, Loper said. However, he noted that Millennials are simply starting families and buying homes later in life than previous generations. For Millennials, Coulson said condominiums are a popular option due to a lower price point compared to detached homes.

Despite increased sales prices and rental rates, Coulson noted that the Southern California market will always be a desirable location to live. “We use this term ‘elastic demand’ – the desirability of Southern California as a place to live is going to keep drawing people in,” he said. “There’s global demand for California residential real estate.”

All Long Beach commercial real estate markets have experienced reduced vacancy and increased asking rents. Office market trends are extremely localized, Loper explained, noting strong demand for space in areas such as West L.A., Santa Monica and parts of Orange County. Low unemployment continues to drive the demand for office, as companies continue to hire, he said, adding that demand would be

stronger if not for the fact that companies are using less space per employee.

“The type of office that people are demanding has changed. It’s much more outdoor spaces, open space – campus-style offices are becoming very popular,” Loper said.

Creative and flexible office space that allows for co-working and collaborative work is part of the new norm, Coulson explained. Amenities will continue to be important for office users, including leisure and entertainment space that might feature pool or ping-pong tables.

The retail real estate market is the

most volatile at the moment, Loper said. Grocery stores have been one of the strongest users of retail space, he explained, noting that people still like to hand select items such as produce. Big-box retailers, on the other hand, have been “hurt dramatically” over the last 10 years by e-commerce, he observed. “The mall business is a tale of two cities,” he said. “You have malls that have been very successful and you have malls that are dying. The ones that have a very strong mix of anchor tenants and a good mix of other things like theaters and restaurants [have]



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done well.”

A particularly bright spot for retail is the growing demand for the urban live-work-play lifestyle, Loper explained. Entertainment, restaurants and small retail stores are benefiting from walkable communities, such as Downtown Long Beach, he said. Entrepreneurs have an “astonishing” ability to envision new and creative ways to utilize space to create an experience, Coulson said, noting the paint and sip industry, which has grown rapidly over the last decade.

The industrial market remains hot, with low vacancy and record-high lease rates, according to Coulson. Local experts note that the South Bay area, with high industrial space demand due to San Pedro Bay port traffic and a lack of developable land, remains strained. However, in Southern California as a whole, new industrial developments are beginning to emerge to meet demand, Coulson added.

“There was something like seven million square feet built in the past year,” Coulson said. “The absorption has been close to zero, which means that supply is finally catching up to demand. Vacancy is up to about 1.5%, which compared to the office sector is just microscopic. It’s been an astonishing sector.”

Loper said in the last several years, demand for warehouse space near urban areas, rather than outskirt areas, has increased greatly to allow for last-mile distribution by companies such as Amazon. Another trend is for companies to include office space in their industrial facility, allowing them to house all facets of their company under one roof, Loper added.

One blemish on the industrial market forecast is potential impacts of a trade war with China, Coulson said. Both Coulson and Loper noted the uncertainty that surrounds all real estate markets and the economy as a whole during presidential election years. “There’s a massive amount of uncertainty with where the economy is going to go. And there have been certain signs of a recession,” Coulson said. “But the political environment is always fraught with uncertainty, so we can’t really make solid predictions quite yet.” ■

## Downsides and Challenges to Growth



Typically, growth and expansion are indicators of a healthy business. However, there are many misconceptions and a greater story behind those growing businesses. It may be easy to get caught up in others’ success stories, especially when hearing that someone increased their revenue by 300% or they expanded their workforce to four times the size in the past quarter, for example, but that’s only half the story. Risk is the key element facing every business from the start,

but that risk never goes away; it only multiplies. Risk is associated with growth, but it’s how you face the challenges of risk and adjust with growth that plays a key role in your business’s success.

Consider these three tips about the downsides and challenges business owners face as their business thrives, as well as advice on adjusting with these shifts:

### • Cash flow management and the growth of reserves.

Rick Sems, First Bank Executive Vice President, candidly explains that the biggest element of success in a growing business revolves around capital. “It’s essential for every business to have the viable cash flow and appropriate assets it needs to sustain long-term growth. As companies grow, they naturally have a need to consume more resources, which can cause a liquidity crisis. This is why companies in a growth stage need to ensure they have capital readily accessible.”

Access to capital at any stage of business is important. One of the leading factors of failure can be a lack of liquidity. Poor cash flow, mismanagement of money, and lack of cash reserves are all leading contributors to business collapse. In fact, running out of money is the second most common reason for business failure<sup>1</sup>. During the growth stage, proper cash management and forecasting are crucial.

Continue production, rely on your top talent to continue bringing in capital, turn a keen eye on your op-

erating cycle, and don’t hesitate to negotiate with vendors or weigh the pros and cons of owning or leasing your property (or future property and plans).

• **Remaining nimble in response to competition and market changes.** “Strategy becomes a bigger deal in growth. This is where you develop and implement a value proposition, learn more about the edge you have and establish that competitive advantage in your market; the efficiency [or even inefficiencies] of your model become more clear in this stage – and even more important,” expounds Sems.

As a company grows and becomes successful, many will take notice, including competitors within your field. Be prepared to encounter the competition and react accordingly. It’s important to focus on your abilities and actively employ your value proposition during this growth stage. As Sems said, “As you get bigger, you’re more likely to be a target on a radar screen from a competitive perspective, meaning you’ll also face a higher level of scrutiny. There is, however, a positive to that and it’s that things don’t always stay the same.

If you decide to stay and stick around but haven’t diversified, it’s easier for someone to knock you around. The payoff lies in diversifying your business.”

### • Cultivate and nurture a great workforce and company culture.

A business is only as good as its people; key objectives of a successful, growing business are to recruit and retain the best fitting talent, empowering them with the proper resources and abilities, and adequately managing all of the employees’ personalities to assist in the buy-in process of your business. Sems added, “Secondary issues revolve around people. In growth, you’re looking to bring on more people. It’s important to ask yourself if the people you have can make adjustments to a more demanding environment. It requires the owner to manage a broader spectrum and that can be a challenge for some companies.”

Company culture is typically formed at the onset of a company when identifying key personnel and outlining various roles and responsibilities. While scaling up, be sure to maintain a healthy company culture by preserving your values and traditions. Establish clear values from the onset of your company and help your employees and other potential candidates by consistently and clearly communicating those principles. Don’t just speak to your values – truly live by them to impart the same ideals to your workforce.



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# Rising Prices, Decreasing Demand Continue For Single-Family Market

■ By **DENNY CRISTALES**  
Staff Writer

Although real estate experts commended Long Beach for being one of the most affordable beach communities in the state, they told the Business Journal the city is not an exception to California's overall affordability problem. Despite lower interest rates, experts said the story remains the same: prices are going up and sales are going down.

Jordan Levine, the California Association of Realtors' (CAR) deputy chief economist, said that affordability and limited supply remains an issue for buyers statewide. In its 2019 housing forecast released in October 2018, CAR had predicted a decrease in demand for single-family homes. However, the association has slightly amended its forecast. "The reason why we have made our forecast slightly less pessimistic is because [interest] rates have come down pretty significantly since the end of last year, and that does help to offset the cost of rising prices a bit," Levine said.

Christopher Thornberg, founding partner and real estate expert with Beacon Economics, said the nationwide interest rate for single-family home loans is below 4%. While sellers may find a good return on their properties, buyers shouldn't expect home prices to level off anytime soon, he noted. "If you're a buyer, and you've been waiting on the sidelines for prices to fall, you're going to be sadly disappointed," Thornberg said.

Phil Jones, president and CEO of Long Beach-based Coldwell Banker Coastal Alliance, said the median sales price of a Long Beach single-family home in June was \$692,500, based on data he provided from the Pacific West Association of Realtors (PWR). That figure represents a 3.4% increase in the median sales price compared to June 2018, when the median was \$670,000.

Jones said the median sales price for condos has increased even more dramatically. Compared to June last year, the price has gone up by 11%, per PWR. The June median sales price for condos was \$420,000, an increase of 6.2% compared to June 2018.

As a result, overall activity in the market has dropped off since the latter part of last year, Jones said. PWR statistics show that pending sales of sin-

gle-family detached homes decreased 7.9% from June 2018 compared to the same month this year, while condo sales were down by 17.5%.

According to PWR, pending sales from the one-year period between June 2017 to June 2018 totaled 194. Between June 2018-2019, there were 98 pending sales, a 49.5% drop-off. For condos, pending sales decreased by 45.5%, dropping from 99 to 54. "It's taking longer for properties to sell," Jones said. "It's ironic, because interest rates are at historic lows, yet we see pending sales have dropped significantly."

Citing the latest CAR data, Levine said June 2019 numbers indicate that there were 136 single-family home sales in Long Beach, a decrease of 13.4% from the same time last year.

Despite low demand, Jones said the most active single-family area is the 90808 zip code. "It's a moderate price range," Jones said. Closed sales increased in 90808 neighborhoods in June compared to the same month last year; there were 40 closed sales, a 25% increase.

Although there may be a limited supply of homes statewide, Jones said it has actually grown in Long Beach's single-family market. Comparing June 2019 numbers to the same time last year, Jones said inventory increased by 7.7%, with a total of 478 single-family detached units available. The condo market experienced a more sizable inventory increase of 16.4%, increasing from 226 to 263 over the same time period. There is 2.9 months-worth of inventory for single-family detached units, and 3.1-months inventory for condos as of June, according to Jones.

Phillip Mazzocco, co-owner and operating principal of First Team Real Estate in Bixby Knolls, attributes the increased inventory to homes selling at a slower rate. Mazzocco told the Business Journal that pricing homes correctly in each neighborhood is the key to making them "fly off the shelves."

"If someone is really pushing the market, [the houses are] going to sit for a long time," Mazzocco said. "It just depends on the motivation of the seller. . . . If you make that aggressive adjustment, you can get ahead of the market again."

As an example, Mazzocco said homes in one neighborhood might not last 10 days, while another area may struggle to have a home sell within a month. "Long Beach is so different than any other area, because there are so many different pockets," he said. The median days on market for Long Beach single-family homes is 15, according to CAR. The percentage of active listings that are now listed at reduced prices is 40.3%.

New listings in June were down by 6.9% compared to last year, according to PWR. Jones said that nationwide tax reform may be playing a part in the decrease. "[It] has had an impact, particularly on properties over \$900,000,

because they're the ones that were impacted by that drop in the mortgage interest deductibility from \$1 million to \$750,000," Jones said. He added that the state and local tax deduction being limited to \$10,000 has devalued the incentive to become a homeowner.

The difficulty in amassing a down payment in the face of rising prices is also preventing the market from rebounding, Levine said. "This has been a longstanding trend that just continues," he observed. "Folks still aspire to and want to become homeowners. It's a question of having the wherewithal to do that, whether it be making those monthly payments [and] finding the down payments." ■



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# Tenant Policy Creates Uncertainty In Long Beach Multi-Family Market

■ By **DENNY CRISTALES**  
Staff Writer

In the face of a new tenant relocation ordinance implemented in Long Beach on August 1, real estate experts expressed concerns that the policy could have negative consequences on the market, at least in the short-term.

Long Beach's tenant relocation assistance ordinance, adopted by the Long Beach City Council in June, requires that the landlords of multi-family rental units provide relocation assistance payments to tenants who are displaced in certain circumstances outside of their control. The ordinance requires financial assistance up to \$4,500, according to a city fact sheet.

Per the city, the landlords of multi-family dwellings containing at least four units are required to pay relocation assistance fees to tenants if: the tenant receives a rent-increase notice totaling 10% or more in a 12-month period; a tenant receives notice to vacate the property because of planned rehabilitation of the unit; or if a tenant in "good standing," defined as a tenant who has resided in a unit for more than a year and is not in violation of a lease, is asked to vacate for any reason.

Fee exemptions are stated in the ordinance. Some exceptions include scenarios in which a landlord occupies a unit in their building as their primary residence, or if the unit was built after February 1, 1995.

George Bustamante, vice president at Coldwell Banker Commercial BLAIR WESTMAC, attributed a downward trend in multi-family property sales transactions from this past quarter to uncertainty about the ordinance's regulations. Bustamante indicated that transactions were reduced by more than half in June compared to the same month in 2018. Citing figures from CoStar, a real estate data company, there were 80 transactions in June 2018, worth a total of \$209 million. In

June 2019 there were 39 transactions at a combined value of \$75 million.

"The buyers that were buying in Long Beach to improve the units and rehab them have basically pulled out [of the market] for now," Bustamante said. "I don't know if it's just short-term and everything will adjust, but quarterly it's had an impact. It's not something that should be a surprise. If you're changing the parameters on what investors are looking at and what they expect their returns to be, they're going to look someplace else."

Robert Stepp, principal with multi-family brokerage firm Stepp Commercial, echoed Bustamante's analysis. Stepp indicated that the looming implementation of the tenant relocation ordinance attributed to a slower market in the months of June and July, per statistics from real estate data firm Reis. However, Stepp felt the market would rebound as soon as this month. "With many of the details being undecided, both buyers and sellers were unsure how to respond," he said. "Now that the measure has gone into effect as of August 1, we expect that investors will be able to move forward with a chosen course of action."

In terms of rent prices, the multi-family market has seen an increase across all product types in the city, according to Kevin King, senior managing director of investments for Marcus & Millichap. Citing data from CoStar, King shared the following rent figures for this month. The growth in rent represents a 12-month period from August 2018 to August 2019:

- The average citywide rent is \$1,499, which is a 4.6% year-over-year growth.
- The average Downtown Long Beach rent is \$1,394, a 2.8% year-over-year growth.
- The average West Long Beach



Eric Christopher, posing in front of a recently sold property in Downtown Long Beach, is senior adviser and director of investments at Centennial Advisers. He said the multi-family real estate market in June saw an increase in rent prices, but he forecasted that rental rates may soon stabilize. (Photograph by Brandon Richardson)

rent is \$1,158, a 2.1% year-over-year growth.

- The average East Long Beach rent is \$1,600, a 4.2% year-over-year growth.

- The average North Long Beach is \$1,158, a 6.2% year-over-year growth.

Compared to some of the larger cities in the Southern California region, Long Beach rent prices are among the most affordable, according to Rent Café, a nationwide internet listing service. In its national mid-year report, Rent Café showed that Los Angeles rents in June reached an average of \$2,508. In June, Redondo Beach averaged a \$2,515 rental rate and West Hollywood averaged \$2,936.

Bustamante spotlighted Long Beach's affordability, but he determined that the margin in rent prices compared to nearby cities may narrow. "The rents have moved up at a good clip for the last three or four years," he said. "That gap is closing. We're catching up to the other communities. It isn't the bargain, for lack of a better word, that it was a year ago or two years ago." Bustamante said the solution is to create more jobs within the city to sustain the housing.

Eric Christopher, senior adviser and director of investments at Centennial Advisers, said that despite the upward trend in rent prices in the market, he anticipates that the numbers will stabilize. "The market rents are starting to flatten out," he said. "Statistically, we'll see an increase this year, but

... we're starting to butt up against tenants' affordability before they can't pay."

The citywide vacancy rate of apartments is 4.4%, according to data from CoStar. Stepp said areas such as Alamitos Beach and the East Village Arts District have high demand and the lowest vacancy rates. The south portion of Wrigley and North Long Beach have improved in activity, as well, he noted. "Renter demand is high for renovated properties with modern interiors in walkable neighborhoods," he said.

Christopher said that, on average, buyers agree to five-year or seven-year fixed loans when selecting a multi-family building to purchase. "Those are the two financing products that make the most sense," he said. Christopher said the interest rate for a five-year product is about 3.65% to 3.75%, while a seven-year agreement is slightly over 4%.

King said an increase in multi-family developments citywide and moderate interest rates have kept the rental rate manageable for buyers.

Christopher noted that Downtown Long Beach is experiencing the most investment in multi-family, compared to other areas of the city. "We've observed some of the biggest activity, and the biggest hotbed right now has been downtown for a couple of years because of all ... the new construction," he said. ■



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# Commercial Real Estate Markets Stable With Moderate Vacancy Decreases And Continued Rent Increases

■ By **BRANDON RICHARDSON**  
Senior Writer

At the close of the second quarter, vacancy rates decreased while asking rents increased for office, retail and industrial real estate across Long Beach, according to local industry experts.

“Holistically, we’re trending in a great direction. Downtown has got a great future ahead of it and so does suburban Long Beach,” Jones Lang LaSalle (JLL) Managing Director Jason Fine said. “There’s a lot of activity going on, a lot of investment being made and we’re doing all the right things right now.”

## Office

The Long Beach office market is holding relatively steady, according to Robert Garey, senior director at Cushman & Wakefield. He noted positive absorption in the downtown market thanks, in large part, to a nearly 60,000-foot-lease by digital fitness company Zwift at Landmark Square.

“There’s not been a lot of leasing velocity. It’s actually kind of cooled, the entire office market from across the country,” Garey said. “Certain submarkets are hot, but generally speaking, the office market has been kind of in a moderate state.”

Asking rental rates for Long Beach

office space continue to rise, as vacancy rates begin to decrease, according to Cushman & Wakefield’s second quarter report. Overall vacancy in suburban Long Beach is 8.9%, down from 9.3% the previous quarter, while Downtown Long Beach vacancy is 19.3%, down from 19.9%. The citywide office vacancy rate is 15.2%, down from 16.3% from the first quarter of this year. These slight decreases contrast with the greater South Bay market, which increased from 17.6% to 18.1% quarter-over-quarter.

Despite numerous buildings being converted from office to residential or hotel uses, Garey said vacancy remains elevated due to the fact that companies continue to find more efficient ways to use space. Employers utilizing co-working space, allowing employees to work from home more often and having fewer physical files requiring filing cabinets are several ways employers are using less office space – even when hiring more staff, Garey explained.

“That trend is continuing and that’s what’s keeping a bit of a lid on demand for office space. The demand for office space is typically driven by employment, and employment is at a record low,” Garey said. “You would think that office demand would be spiking,



Having moved into its new headquarters at the new Long Beach Civic Center, the Port of Long Beach left a 176,000-square-foot hole in the suburban office market. The former interim offices for the port, the eight-story building at 4801 Airport Plaza Dr., now sits vacant. According to port staff, the building is owned by the port and the land is under a ground lease with Long Beach Airport that was recently extended through June 30, 2069. The port intends to sell the building as-is, but would consider leasing, staff told the Business Journal. (Photograph by Brandon Richardson)

but . . . companies are finding more efficient use for [excess space].”

One example of companies becoming more efficient with office space is the imminent move of California Resources Corporation (CRC) from 90,000 square feet at Landmark Square to 72,000 square feet at the World Trade Center, Garey noted. Because CRC has leases signed in both buildings, the downtown market vacancy will take a hit in December when the company’s lease expires and it vacates its current space, he noted.

At the end of July, the Port of Long Beach vacated its interim offices in suburban Long Beach for its new headquarters at the newly constructed Long Beach Civic Center. The Port’s move left 176,000 square feet of office space vacant in the suburban market, which is a large hole, Lee & Associates Principal Jeff Coburn noted. In 2020, Epson America is vacating 130,000 square feet of office space when it moves to a 150,000-square-foot campus in Los Alamitos. Molina Healthcare is also expected to vacate upward of 200,000 square feet of suburban office space in the near future, as well.

Coburn noted that the recently and to-be vacated buildings will be difficult to lease to a single tenant. He explained that it is likely the buildings will be occupied by several or many smaller tenants. “There are big chunks of space coming on the market in the suburban area,” Coburn said. “It’s going to be much more difficult to lease buildings of that size and magnitude if they’re looking for a single occupant. But, for Long Beach, it could bring some great opportunities to attract new, larger companies to our area.”

Despite impending vacancies, Jason Fine said he is optimistic, positing that the market is going through an evolutionary period. He said that over the last 12 months, overall asking rents for office space in Long Beach increased by 5%. According to a JLL report, average asking rent in suburban Long Beach reached \$2.63 per square foot in the second quarter, while downtown increased to \$2.61 per square foot.

In recent years, several buildings went through extensive renovations to create a more modern and creative work environment, including The Hub, 211 Ocean and World Trade Center. Fines explained that 180 E. Ocean Blvd., which was previously owned by the Salvation Army, is the last remaining office building that would be due for an upgrade. He said the new owner, Thrifty Oil Properties, will likely renovate the building now that Salvation Army has vacated the space. However, it remains to be seen if the building will remain office or be converted to another use, he noted.

“For investors, there’s just more value in going residential than it is for office,” Fine said. “I think the city and planning agencies realize that the residential will feed into the office [market]. We’ve seen in other submarkets that people want to work close to where they live. Buildings were converted simply because they were outdated and not competitive and it was too cost prohibitive to make the necessary improvements when they can convert it . . . and get a higher return on their investment.”



Long Beach-based Farmers & Merchants Bank recently purchased the office building at 4909 Lakewood Blvd. for \$10 million from a private seller in an off-market deal. On the Lakewood-Long Beach border, F&M is relocating its current Lakewood branch up the street to the space previously occupied by Chase Bank. F&M will occupy the 8,000-square-foot ground floor with tellers, full lending capacity and ATMs, according to CEO Daniel Walker. The move is an upgrade from its current 6,500-square-foot space, which is one of the bank’s top-performing branches. All but one of the floors is occupied in what Walker called an “iconic” Lakewood building. He said F&M has not determined whether it will occupy the vacant space itself or lease it. (Photograph by Brandon Richardson)



## Retail

The local retail real estate market remains consistent with steady demand for smaller spaces, according to Brian Russell, vice president of real estate for Kinnery's Brokerage House. Large retail spaces, such as the vacated Orchard Supply Hardware at Long Beach Exchange and Best Buy at Marina Pacifica, are not likely to get leased quickly, at least for traditional retail use, he said. According to city staff, a national gym operator is in negotiations for the Best Buy space, but a deal has yet to be announced.

Long Beach retail news has been dominated by Long Beach Exchange (LBX), at the southwest corner of Lakewood Boulevard and Carson Street, which continues to celebrate store and restaurant openings, and 2nd & PCH, which is expected to open this fall. Last month, Old Navy and Georgia's Restaurant celebrated their grand openings at LBX, with new tenant announcements and openings expected throughout the remainder of 2019.

Direct asking rents in the downtown area increased four cents quarter-over-quarter to \$2.63 per square foot, while suburban rents increased two cents to \$2.30 per square foot, according to Lee & Associates data. Over the last 12 months, the downtown and suburban market rents increased 1.6% and 1.3%, respectively. Citywide retail vacancy remained relatively flat, decreasing from 5.5% to 5.45% quarter-over-quarter.

Belmont Shore continues to struggle with closures and vacancies, Russell noted. "Talking to other people, I

hear the same thing: there's a lack of foot traffic," he said. "As far as dollar amounts, I haven't seen that much discount in the lease rates. For that guy or gal that's got 1,500 to 3,000 square feet to lease, typically you have to give certain concessions – tenant improvement allowance and so forth – to make that deal work."

Russell noted that small, independent businesses don't have the "street cred" to seek concessions from property owners, but established corporate companies do, a fact that he said is ironic since the indie companies need the assistance more. Risa Yoshida, a realtor with Hoyt Realty Investment, said one reason for the lack of foot traffic is Millennials' proclivity for online shopping. "Everything is on-demand. That's what we're facing now," Yoshida said. "So the small mom-and-pop . . . businesses are really going to struggle."

At the end of July, Yoshida said she counted 18 vacancies along 2nd Street in Belmont Shore, both restaurant and retail spaces. She said this is the highest vacancy rate on 2nd Street she can recall, noting that it is likely due to high rents and not the forthcoming retail center up the street that is causing the closures. Yoshida explained that she would have expected the new retail center's high asking rents, upward of \$10 per square foot, would drive more businesses to seek Belmont Shore's more moderate, though still above average, rents of about \$5 per square foot, a trend she has yet to see.

While traditional retail continues to struggle, Yoshida said experiential and service-based uses are persever-



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Retail\_Yoshida: Formerly LF The Outlet, the storefront at 5229 E. 2nd St. in Belmont Shore sits vacant. Risa Yoshida, a realtor with Hoyt Realty Investment, said she has never seen so many vacancies along the street, but noted a pet grooming operator is seeking a 10-year lease for this particular space, while most tenants only seek three- to five-year leases. (Photograph by Brandon Richardson)



City officials and local residents celebrated the groundbreaking of the new Alamitos Beach concessions stand just east of Shoreline Drive and south of Ocean Boulevard on August 1. The existing 2,200-square-foot concessions stand was partially demolished to allow for the construction of the 4,240-square-foot modern cafe and concessions area. The two-story building will include an outdoor deck that wraps around the building, as well as a rooftop deck. Amenities will include outdoor play areas for kids, public restrooms, recreation equipment rental space, a pedestrian promenade, bike parking, beach parking lot improvements, shade structures and drought-tolerant landscaping. Funded through the city's Tidelands Fund, the \$9 million project is expected to open during the summer next year. Beach concessions stands near Junipero and Granada avenues will also undergo improvements over the next year. (City of Long Beach photograph)



Three new eateries have been announced for Frontier Real Estate Investments' Uptown Commons development in North Long Beach. Nashville Hot Chicken vendor Main Chick, Filipino-Asian fusion fast-casual eatery Oi Asian Fusion and ramen bar Shomi Noods join previously announced tenants Wendy's, Starbucks and Chase Bank. Located at 6600 Atlantic Ave., the project broke ground on June 10 and is expected to open in early 2020. The project includes a sixth eatery in the form a sit-down restaurant, which has yet to be announced. (Photograph courtesy of Erik Isakson Photography)



ing. Restaurants in general are faring well, she said, noting that no matter what happens, people need to eat. As retail stores close, Yoshida said she expects more space to be converted for restaurant or food-related use. Similarly, services such as pet groomers, hair and nail salons, barber shops and gyms – basically anything people cannot buy online – are thriving.

## Industrial

“I was expecting somewhat of a correction in the market; however, that just hasn’t happened,” John Eddy, executive vice president for Coldwell Banker Commercial BLAIR WESTMAC, said of Long Beach industrial real estate, noting the market’s record-high and still-climbing lease rates. “From a leasing and sales standpoint, there’s still quite a bit of activity and inventory remains very low.”

The vacancy rate for Long Beach and South Bay industrial space at the close of the second quarter was 1.2%, down from 1.5% in the first quarter, according a report by Lee & Associates. Average asking rents increased six cents quarter-over-quarter to \$1.08 per square foot. Average sales prices jumped from \$179.92 per square foot in the first quarter to \$227.67 per square foot in the second quarter due to an increase in Class A (high-end) property

sales, the report noted.

Of the more than 1.24 million square feet of industrial space being developed in the Greater Los Angeles market, nearly 817,000 square feet are in Long Beach at two separate projects. Both Pacific Pointe Northwest by Sares-Regis Group and Pacific Edge by Pacific Industrial are expected to come online before the end of 2019.

“From what I understand, the activity on those buildings has been very strong – be it from companies locally wanting to grow into them or bringing companies from out of state or other parts of California,” Eddy said. “I don’t think the impact will be anything other than positive and [there will be] somewhat of a trickle-down effect with the smaller products. I would suspect that . . . many of them will be pre-leased or pre-sold.”

If new product is leased or sold prior to coming online, it will not have a notable impact on the area’s vacancy rates, Eddy explained. However, with brand new Class A space achieving higher asking rents and sales prices, he noted that those averages could increase overall. Eddy said he expects industrial prices to increase through 2019.

Increasing rent and sales prices are not the only unpredictable political variable when it comes to the industrial real estate market. Lance Ryan, vice



Two out of three buildings have been leased at Pacific Edge, a three-building industrial development by Pacific Industrial totaling 421,692 square feet of building space on a 19-acre site at 2300 Redondo Ave. According to Pacific Industrial co-founder Neil Mishurda, the tenants asked to remain confidential until the move-in process has begun in October or November. (Photograph by Brandon Richardson)

president of marketing and leasing for Watson Land Company, explained that increased tariffs on Chinese imports by the Trump administration could potentially have a negative impact on industrial real estate if imposed long term.

“The challenge is that as it becomes longer term, there’s a potential that those tariffs would become a burden for consumers. [Tariffs] will

increase costs and the costs would be passed through to consumers,” Ryan explained. “Then you have a dip in consumer demand and don’t need to [store] as many goods, whether they’re being sold via e-commerce or being sold in retail stores. That’s the long-term impact that could result from prolonged tariffs, but it’s difficult to predict in the current political climate.” ■

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# Building A Better Long Beach: New 222-Unit Apartment Complex About 50% Leased, With A New Coffee Joint

■ By **BRANDON RICHARDSON**  
Senior Writer



Portola Coffee Roasters has signed a lease for 1,500 square feet on the ground floor of AMLI Park Broadway, a 222-unit apartment complex at 245 W. Broadway. Some residents already occupy the building, which is about 50% leased, with Portola expected to open later this year, according to AMLI Development Co.'s vice president of development, Nick Moffa, pictured at the project. (Photograph by Brandon Richardson)

In addition to bringing 222 new market-rate apartments to Downtown Long Beach, the seven-story AMLI Park Broadway mixed-use complex at 245 W. Broadway will be home to Portola Coffee Roasters' second Long Beach location. The first opened earlier this year at The Hangar in the Long Beach Exchange retail center.

"Downtown Long Beach has always been on our radar. It's one of Southern California's best live-play-work destinations," AMLI Development Co. Vice President of Development Nick Moffa told the Business Journal. "It's coastal, it's between L.A. and Orange counties and it just has a really high quality of life. This was a market we wanted to be in and we're looking for future opportunities in the area as well."

Moffa explained that the new Long Beach Civic Center development, including the new Main Branch Library directly across the street from Park Broadway, was a "huge draw." The site was already fully entitled when AMLI came onto the scene and purchased it in 2015, allowing the firm to begin the design process immediately. Construction on the site began in 2016 and will be 100% complete next month.

Units range from 600-square-foot studio apartments to a 1,300-square-foot, two-bedroom apartment with a loft and an ocean view. Prices range from around \$2,300 to \$6,500 per month. About half the units were put on the market several months ago, al-

most all of which have been leased with many tenants already moved in. Leasing of the other 50% of units just began, with residents to move in before the end of August.

The project has 320 parking spaces – about one per bedroom – a low number for Southern California, Moffa noted. "But being in Downtown Long Beach, having the adjacency to the [Metro] Blue Line, it hasn't been an issue to date," he said. "The city's doing the right thing and lowering parking counts for developments. So we're not going to be alone in having a little bit less than renters are used to."

On the ground floor of the complex, residents have access to a "Do It Yourself" space where they can create art and work on DIY projects. Moffa said paint and sip classes will be held for residents in the space, as well as cooking classes. The space even has several spray-painting stations outfitted with extra ventilation.

The ground floor also features a state-of-the-art fitness center, including a virtual personal trainer, a punching bag and a studio for group classes. The resort-style pool overlooks the city's new library, and has an adjoining barbecue and fire pit area, as well as an indoor entertainment space with seating and TVs. Several floors up is a sky deck, which has another barbecue and a pizza oven with outdoor seating, as well as another indoor entertainment space. These areas are first come, first

served, unless reserved in advance by residents. The building also has a gaming courtyard that features dartboards and a shuffleboard table, along with more barbecues, seating and "star-gazer" pads that allow people to lie down and observe the night sky.

The development includes 6,000 square feet of ground floor retail space. Portola signed a lease for 1,500 square feet on the Pacific Avenue side of the project, with the buildout expected to begin in the next couple months, Moffa said. AMLI is actively talking to potential retailers to lease the 1,500 square feet adjacent to Portola. On the Cedar Avenue side of the project, Moffa said there is interest in the 3,000 square feet of retail space, but it remains to be seen whether it will go to one user or be divided into two smaller spaces.

Moffa noted that AMLI prides itself on being a green and sustainable company. He explained that Park Broadway is targeted to achieve a LEED Silver designation through construction and waste disposal methods, and the use of smart technology and low-flow fixtures throughout the project. "Just ways to allow our residents to live more efficiently and less costly," he said. "We found that that's really important to our demographics, especially in Long Beach."

AMLI retains ownership of its projects for a minimum of 10 years, according to Moffa, at which point the asset is assessed and the company determines whether or not to sell. Based on the current development and economic boom of Downtown Long Beach, Moffa said Park Broadway could very well

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The ground floor of AMLI Park Broadway includes a “Do It Yourself” space for residents to create and craft. Paint and sip classes, as well as cooking classes, will be held in the space. (Photograph by Brandon Richardson)

become a “forever asset” for AMLI.

In the midst of a statewide housing crisis and with California Gov. Gavin Newsom calling for a drastic increase in housing development, Moffa said it’s important to produce market-rate and affordable housing, often simultaneously. He explained that most AMLI projects include an affordable component, noting a 384-unit project in Camarillo that includes 75 affordable units.

“We’re very well versed in affordable housing. We do it in all of our markets to some extent, but it’s always mixed in with market rate housing,” Moffa said. “I think affordable housing and market rate apartments go hand-in-hand – you really can’t build affordable housing without either having market apartments or having some sort of subsidy.” ■



AMLI Park Broadway features a resort-style pool overlooking the new Billie Jean King Main Library and Downtown Long Beach. (Photograph by Brandon Richardson)

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# Realty Views: What Do Lower Interest Rates Mean?

■ Perspective By **TERRY ROSS**

The Federal Reserve dropped its federal funds rate, which dictates interest rates, late last month for the first time in over a decade, thereby lowering borrowing costs on a host of things; but the primary beneficiary looks to be real estate. The .25% rate cut that will lower the prime to a target of 2-2.5% follows four rate hikes last year and nine increases since 2015, after years of decreases since 2008 and the beginning of the recession.

What this decrease means to the general economy and to the real estate sector is a point of contention among economists, industry professionals and, of course, bankers. The consensus is that it could spur greater activity in development, home buying activity and commercial transactions. But some wonder if it will do much at all, given the realities of affordability and inventory shortages.

Mortgage originations are up as Wells Fargo and JP Morgan have recorded an uptick in second quarter profits, so any lowering of rates is sure

to boost that trend. But labor and land costs are more expensive, and the lack of homes for sale has put a damper on any growth in that segment of the market.

Some believe that lower rates will encourage the first-time buying segment of the market by providing an opportunity to enter the market, especially as rents are increasingly unaffordable in many areas and a purchase is a better value proposition.

The recent yield on government bonds has been dropping, and mortgage rates have slid down to the 3.75% level. Some analysts point to that, and the fact that existing homes sales through June are down 2% from last year, as reason to be cautious that the Fed's action will spur more homebuying. New home sales are considerably below their recent peak in late 2017 and new home construction has declined for six straight quarters, largely because sales and profit margins are down for affordable housing and lower cost homes.

"At this point, [interest rate cuts] don't matter as much as people think," John Sim, an analyst who covers housing and the mortgage market for JP-Morgan Chase, recently told The New York Times for an article on mortgage rates. "Even at this current level of rates, it's pretty unaffordable to most renters."

The current economic expansion that began in 2009 has seen home prices rise by nearly 60%, but the median weekly earnings of Americans has increased by only 24%. Also, before the housing bubble burst in 2008, the homeownership rate was 69% while today it is just 64%.

"In general, what we've had is just not enough lower-priced homes and sort of a vicious cycle, where that limited supply has continued pushing prices up," Jody Shenn, an analyst at credit rating firm Moody's, told the New York Times.

There is less profit for builders in lower-end homes, and while a lower borrowing rate for builders could help

to a point, it remains to be seen if this is enough to spur more building in the entry level housing market.

Some in banking said there could be an increase in refinance activity from lower mortgage rates, although a rush to refi is probably out of the question unless the Fed initiates a series of rate cuts, which seems unlikely at this point.

It appears that the Fed's rate reduction will have some impact versus doing nothing. But most industry experts believe nothing earth-shattering will arise from this latest rate cut because there are too many other factors in play that impact housing and real estate in general.

*Terry Ross, the broker-owner of TR Properties, will answer any questions about today's real estate market. E-mail questions to Realty Views at [terryross1@cs.com](mailto:terryross1@cs.com) or call (949) 457-4922. ■*



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Darick Simpson, executive director of Long Beach Community Action Partnership, said the goal of the organization's Leadership Academy Mentoring Program (LAMP) is to provide low-income youth leadership development in tandem with digital arts training. Behind him are LAMP students working on various digital projects in July during the program's summer session. (Photograph by Brandon Richardson)

# Digital Arts Programs Allow Students To Develop Leadership Skills

■ By **DENNY CRISTALES**  
Staff Writer

Whether it's the roaring sound of rock 'n' roll or the folksy melody of country, Madisyn Jeter immerses herself in all kinds of tunes. No matter the piece, Jeter finds something to admire in any song. "When I say I like all music, I like all music," she said. "I can always find something to appreciate about some kind of music. . . . It's my passion. It's kind of what keeps me going throughout the day."

Pursuing passions is one of the many focuses of Long Beach Community Action Partnership's (LBCAP) Leadership Academy Mentoring Program (LAMP). Jeter, who is 19, was one of 48 youth enrolled this summer in LAMP. The program offers leadership development in tandem with digital arts training in an effort to provide "self-sustainability" for low-income youth from ages 14 to 24, according to Darick Simpson, executive director of LBCAP.

Offered year-round, LAMP offers digital media courses to local teens and young adults as a type of "hook" to then also teach concepts involving critical thinking, leadership and etiquette, Simpson told the Business Journal. He said these classes teach basic life skills. "They are better prepared to matriculate into the mainstream of society, regardless of where they come from socioeconomically," he said of

LAMP participants. "There's a lot about life these kids don't know. Digital media arts are the hook to get them here, but when they leave here, they are better prepared to go out into this world and compete and be confident in themselves as they compete. They have the talent to do so."

To be eligible for the free program, LAMP students must fall within a certain low-income range based on total household income and the number of people in a household, per U.S. federal poverty guidelines. "But if you see those students, there is no label on them," Simpson said. "They're just here and hungry to learn."

The U.S. Department of Health and Human Services funds LAMP through the Community Services Block Grant. Simpson said students who are just above the income threshold have opportunities to apply for grants through the Long Beach-based Josephine Gumbiner or Munzer Family foundations. He added that LBCAP is constantly seeking additional funding for LAMP to supplement the block grant monies and serve more students.

LAMP is separated into four disciplines: film and TV production, graphic design and screen printing, music production and photography. At the conclusion of their curriculum, students may earn up to a \$1,000 stipend,

a figure dependent on attendance.

LAMP's summer program began June 25 and concluded August 8, when students showcased their digital work from the session to friends, family and instructors in an event known as the Summer Showcase at The Grand Long Beach. Students attend LAMP classes three days a week during summer sessions and twice a week during the school years.

Ashley French has been a photography instructor for the LAMP program since early June. French remarked how quickly the students adapted to the intricacies of camera work and editing, skills that college students sometimes struggle to learn, she said. "These guys are all really naturally talented," she said. "Not only are they learning these skills . . . but [also] other things like learning to make eye contact and shaking people's hands, and dressing appropriately and being a kind person to others," she noted. "So, if they go to a job interview, they have all these things in the back of their brain on top of having a skill – which I think is huge and what makes the LAMP program really special."

A graduate of the Renaissance High School For The Arts, Jeter has pursued her passion for music production in LAMP since summer 2017. She signed up for LAMP for the third year

in a row not only because of the bonds she has developed with peers, but for the instructors who are encouraging of student input in projects. "They make it a point to make sure that youths know that their ideas aren't dumb," Jeter said. "And they listen. I think adults that listen are like the coolest people ever."

Kaitlynn Keang, a 14-year-old LAMP student focusing on graphic design, learned about the program from a sibling involved in the curriculum in 2017. Often doubtful of her own abilities, Keang said she had low expectations of her work when starting the summer session. As she began receiving encouragement from classmates and teachers, Keang started to realize that her work had value. The support derived from the LAMP program gave Keang the self-esteem to tell herself that "maybe I can do it."

Running parallel with the summer LAMP initiative is LBCAP's internship program for Public Access Digital Network (PADNET), Long Beach's public access television station. PADNET airs on Charter 32, Frontier 41 and online at padnet.tv.

The City of Long Beach awarded LBCAP the contract to operate the channel in 2012. LBCAP handles operational costs, while the city provides the capital dollars, Simpson said.



Public, educational and governmental funding supports PADNET expenditures, in addition to other grants, earned revenue and donations.

Over time, PADNET garnered enough resources to offer classes and allow those with a membership to check-out video equipment and use editing software in the studio to create original content.

This year's PADNET summer interns are from California State University, Long Beach (CSULB), Long Beach City College and CSU Dominguez Hills. Out of 93 applications this summer, LBCAP selected seven interns to perform hands-on production work in the PADNET studio for college credit.

Stella Sanchez, a CSULB PADNET intern, said she did frequent camera work in the program, often going out into the community and interviewing public officials or gathering footage, also called B-roll, for a story. She also did graphic design and created banners or advertisements using Photoshop. "They don't limit the things that you can do based on whether you can do it or not," she said. "That's what I like; it's open-ended to learn and take your own skills and [then] apply them to what you do here."

Those interested in applying for the LAMP program or PADNET internships in the fall can visit lbcap.org and padnet.tv, respectively. PADNET applications are due August 19, and LAMP registration will begin in September. Simpson said LBCAP is seeking to expand its services in an effort to continue not only providing media instruction to youth, but to build up their self-esteem and self-image. "[These programs] give these kids hope," Simpson said. "It gives them an opportunity to believe in something that is real, and it doesn't evaporate, because what's real is their talent and their desire." ■

## Changing Charter School Regulations

(Continued from Page 1)

nal that the senate floor vote for the bills would likely take place in the latter portion of August. September 13 is the last day for any bill to be passed.

The Charter Schools Act was established in 1992 and authorized the creation of charter schools in California. Charter schools operate independently from school districts, but they require authorization, or approval, from a school district governing board to function. Every five years, charter schools must submit a renewal application to a school district, per charter law.

A governing board of a school district can approve or deny a charter school application based on 16 criteria established in the Charter Schools Act. The criteria include a description of the school's educational program, how the financial and programmatic operations of the school will be conducted, how student progress

will be measured and so on.

If a governing board denies a charter school's application, petitioners may submit an appeal, which allows a county superintendent of schools to review the decision of a governing board. Upon further review, the county can determine if the denial of the charter school application was justified. If denied again, petitioners can go to the California State Board of Education to appeal the county and district decisions.

When a charter school is authorized, the authorizer – whether it be a school district, county board or state board – is responsible on a yearly basis for maintaining oversight, an evaluation of a charter school's performance. Per California Education Code, charter schools are charged an average oversight fee of 1% from their annual income.

James Suarez, assistant director with the Long Beach Unified School District (LBUSD), confirmed with the Business Journal that the district currently authorizes two charter schools: Intellectual Virtues Academy (IVA) Middle School and Clear Passage Educational Center (CPEC). IVA Middle School was chartered in 2013 and renewed in 2017. CPEC was chartered in 2014 and renewed this year.

AB 1505 intends to modify the standards of how a charter school is authorized or renewed. Chelsea Kelly, a consultant with the California State Assembly Committee on Education, said the existing law only allows authorizers to consider the facts of a petition when mulling an application. "Districts are not technically allowed under current law to look at how it will impact their community," she said. "They are only assessing the validity of the petition on its own merits."

The bill would allow a charter school authorizer, when reviewing an initial application, to consider how the potential charters would impact the community and neighborhood schools – which includes the ability to deny an application if the district is in "fiscal distress."

"Our intent with fiscal impacts has always been to allow the districts to consider how the district services will be potentially cut if you approve that charter school," Kelly said. As an example, she said a potential charter school seeking to offer a music program could hinder any similar programs that the district already offers. "It's really a two-part process," she added. "Would the program be duplicative? And then would it substantially undermine existing services?"

According to an AB 1505 fact sheet provided by O'Donnell's office, the legislation would also eliminate the charter law requirement that academics be the highest priority when evaluating a charter school for renewal. Moreover, a governing board of a school district would be able to consider, during a renewal process, if a charter school is financially stable and whether it is serving all student populations.

Jacquie Bryant, founding principal of IVA Middle School, said AB 1505's focus on financial and external factors, as opposed to the educational aspects, has

her concerned. "We prefer to have our academic track record be the focus of authorization," she said. "What we've been judged on in the past as charter schools is if your academics are preparing students equal to or better than your local district. Those elements seem like the core foundations of how an authorizer might determine if a school is beneficial in its district, rather than what the bill seems to propose."

Myrna Castrejón is president and chief executive officer of the California Charter Schools Association (CCSA). CCSA, a charter school advocacy organization, has been at the forefront of conversations regarding the bills with the co-authors throughout the legislative process, said.

Castrejón said she has a "fundamental problem" with AB 1505's proposal to diminish the priority of education in the petition process. "Eliminating the academic equation cuts the legs off the basic value proposition of what charters are here to offer," she said. "The simplest way to explain it is that we've seen statewide charters excel at serving students that are not being served well, academically speaking, from traditional schools."

O'Donnell said the purpose in introducing new factors in the authorization process is to verify that charter schools are innovative and distinct from school districts. "We need to ensure that they're not just opening the same thing next door to an existing school," he said. "And we're also keeping into account the logistics of keeping two schools open instead of one, [which] sometimes only harms students, because expenses are not being put into the classroom."

The appeals process would be modified under AB 1505, as well. Charter schools would have access to a full appeal process to the county board of education. But there would be a limited process when appealing to the State Board of Education, which would only consider appeals in which the potential charter school can prove the district or county mishandled the authorization proposal.

O'Donnell said AB 1505 will likely undergo changes sometime this month, particularly pertaining to the authorization and appeals process, as conversations continue with policymakers and stakeholders.

Meanwhile, AB 1507 would mandate that charter schools operate within the geographical boundaries of the individual district that approved them. The existing law allows charter schools to operate in areas outside their authorizing district. For instance, a school authorized by an entity in San Diego can operate in the district of Long Beach.

Suarez confirmed there are charter schools located in LBUSD that were not authorized by the district. An example would be IVA High School, the sister program of IVA Middle School, that is authorized by the Los Angeles County Office of Education, he said.

Kelly said that if AB 1507 passes, statewide charter schools that are currently operating outside district boundaries would be permitted to continue services until their next renewal cycle. Once

the cycle has ended, Kelly said charter schools would either get permission from a local school district to continue operations with the other authorizer, or submit their renewal petition to that local school district.

O'Donnell's objective with AB 1507 is to close a "loophole" that has allowed authorizers to profit from approving multiple charter school petitions statewide to garner oversight fees.

An unidentified school district in 2014 authorized 21 charter schools in the state, according to an AB 1507 fact sheet provided by the office of California 38th District Assemblymember Christy Smith, the principal author of AB 1507. The fact sheet shows that the county office of education determined the district's funds were "negative," or insufficient to meet its needs for the current and subsequent fiscal year. To solve its problem, the school district publicly stated that it was primarily using the profits from oversight fees to address the financial problems the district was facing.

The fact sheet explains that AB 1507 aims to prevent school districts from approving charter school petitions in an attempt to make more money. O'Donnell said small districts that provide oversight to multiple schools also do not have the "logistics necessary to oversee that number of students." He added: "We need to make sure that charter schools move a student's academic progress forward and aren't just about people making money. It's not about ending them. It's about fixing the law so that we make sure charter school operations are about academic progress. Schools should be learning centers, not profit centers."

Christopher Steinhauser, LBUSD superintendent, told the Business Journal he supports AB 1505 and AB 1507. "I strongly believe that if a charter is operating within the boundaries of a district, it needs to be authorized by that district," he said. "In this district, we hold charters to an extremely high standard when they come to us . . . If I chartered somebody and they failed, it becomes my problem and I've got to deal with it."

Although concerned about the passage of two bills, AB 1505 in particular, Bryant commended the LBUSD's work in overseeing IVA Middle School. "We've had such a good relationship with Long Beach Unified," she said. "They've been a really amazing authorizer."

Castrejón said there is natural tension when it comes to the existence of charter schools for public school districts. Although she expressed her approval of AB 1507 in its current form, she said that the CCSA intends on continuing dialogue about both bills this month. "We are optimistic that we can continue to have those conversations," she said. "Our intent is to continue to serve the more than 600,000 students that are currently enrolled in public charter schools."

If the bills pass by September 13, Gov. Gavin Newsom has until October 13 to either sign into law, veto or take no action on the legislation. The latter move would also result in the bills' implementation. ■



# Long Beach Creative Firms Strive To Attract And Retain Local Talent

■ By **SAMANTHA MEHLINGER**  
Editor



Commune Communication was founded five years ago in the East Village Arts District by James Whale and Ryan La Rosa, creative sector veterans who wanted to break away from the rigamarole of working for large agencies. Now, the firm employs 10 people, including multiple graduates from California State University, Long Beach. Pictured at the firm's office, from left, are: Myra Pimentel, social media coordinator; Nicole Heinrich, graphic designer; Caleb Hudson, vice president, brand strategy; Shawn Hardy, director of interactive; James Whale, co-founder and creative director; Ryan La Rosa, co-founder and director of strategy; Danielle Salvatore, senior designer; and Mineko Inouye, account director. Not pictured are: Laura Girard, media buyer/planner; Lizzy Moore, media director; and Micheal Ziman, senior copywriter. (Photograph by Brandon Richardson)

In a city with a university that annually graduates more than 10,000 students with a dizzying array of degrees, the question begs to be asked: where are they going with those diplomas? And if that locally educated talent isn't staying here: why not?

According to local small to mid-sized creative sector firms, the talent coming out of California State University, Long Beach (CSULB) rivals that of some of the most renowned universities in the region. And, for that reason, they're going out of their way to snag local graduates before they pack up for opportunities in other cities.

Some of these grads spoke to the Business Journal about their impressions of their career prospects upon graduation and why they ultimately chose to stay local, while their employers weighed in on why they make retaining local talent a conscious effort.

Myra Pimental, a Long Beach native

who works as social media coordinator for Commune Communication, a creative firm in the East Village Arts District, graduated from CSULB this year. She said she was surprised to find a local job opportunity at a creative sector firm. "I didn't even consider that I would be able to stay here in Long Beach," she said during an interview with a few of her co-workers at Commune's office. "I was already getting prepared for the commutes from here to L.A., because [when] I would go on career tours doing school, they would all be in L.A. or in the OC area. . . . When I found [Commune] I was like, wow, that's amazing. That would be great if I could stay in my home town."

Her colleague and fellow CSULB grad, Nicole Heinrich, expressed similar sentiments. "I was totally oblivious to options in Long Beach. I thought for sure I would have to go somewhere else," Heinrich said of her impression of local job prospects. Heinrich works as a graph-

ic designer for Commune, a firm that was founded five years ago by two individuals – James Whale and Ryan La Rosa – and now employs 10. "Kind of the same by default, I thought I [would have] to go to Los Angeles."

Danielle Salvatore, Commune's senior graphic designer, said she thought she would have to move to Los Angeles or the East Coast to work for a larger agency after graduating from CSULB in 2015. "From what I had heard being in the graphic design program . . . there is The Designory and then there is interTrend and that's about it. The big shops," she said, referring to two Long Beach-based advertising firms. Ultimately, she moved to Santa Monica to work for a major greeting card company, but did not enjoy the experience. "I was like, how do I get out? I was searching for other agencies in Long Beach, and that's how I found them. Otherwise I wouldn't have thought about staying here."

Pimental said she found out about Commune – and that working locally was an option – because Whale and La Rosa made an effort to reach out to the local university. The firm specializes in a variety of marketing, branding and digital services.

"We made a concentrated effort to meet the heads of department and faculty. We go down to the university and speak regularly in front of different groups of students," Whale said, noting that the pair have spoken to students studying design, business, marketing and communications. "We're very annoying down there," La Rosa joked. "Persistent," Whale corrected.

"The one thing we realized immediately when we started talking is people would come up, students, and they all had the same story: 'I figured I've got to go to L.A.' We kept hearing it," La Rosa said. Whale added, "Because we recognized how amazing the city is and the work



that's coming out of [CSULB] is very high-level, it's very frustrating to hear that the sentiment exists that they need to go elsewhere. Because we know it to be different."

La Rosa and Whale noted that many of their clients are Long Beach entities – they count many of the city's business improvement districts and Long Beach Transit among them, for example – and that having employees with local knowledge is a benefit.

Salvatore, Commune's first hire, found the company because they posted a job description on the website for CSULB's career center. Making the switch to working locally changed things for her for the better. "I was commuting every day and I was thinking, well, this is the Southern California experience I have heard about," she said. "[Now] I live a couple miles from here, and I ride my bike to work, which is amazing. It's just changed the entire feeling of working for an agency."

Asked what she would say to current students thinking about their post-college careers, Salvatore said, "It's not always about the big clients or the big agencies. There is a lot of difference that you can make here in your local community. And there's the opportunity. It's there; you just have to go looking for it."

To help attract students while they're still studying at CSULB, Downtown Long Beach creative firm ETA Agency recently

started up an internship program. The agency also counts local grads among some of its senior-level positions. "One of the things we wanted to expand upon was our existing partnerships with Cal State Long Beach," Adam Carrillo, ETA's executive vice president, said during an interview with two of his colleagues at their Ocean Boulevard office. "That kicked off with launching a new internship program that focuses on identifying emerging talent from the university and how can we be more proactive in attracting, and potentially retaining, younger and emerging talent from the school of arts."

Jan Montoya, ETA's creative director, manages intern hiring. He is also a CSULB alum himself. "When I first came onboard, which was about three months ago, Adam and I had a discussion about bringing in new talent as we expand the business, [and] what kind of talent we want to bring in," he said. "We have all this human capital right here at Cal State University Long Beach, so it's a no-brainer."

According to April Dela Cruz, an account executive with ETA, the internship program is structured so that students get a lot out of the experience. "It's not just a stereotypical internship where they get coffee or do paperwork or administrative stuff. They are hands-on shadowing the respective staff member in that department," she said. Dela Cruz received her undergraduate degree from CSU Domin-



ETA Agency's Creative Director, Jan Montoya (left) meets with the firm's intern, Amy Sekins, who is studying studio art with a minor in graphic design at California State University, Long Beach. The firm has implemented an internship program, working directly with the local university to hire students. (Photograph by Brandon Richardson)

iguez Hills and her master's from CSULB. She joined ETA in 2018. "The plan is not only for them to work in that specific field or department, but for them to work with the other interns to collaborate as well."

Montoya pointed out that because

ETA is a small agency, there are more opportunities for interns compared to what they would experience at larger shops. "If you're hungry, this is a great place for you to learn and to get your feet wet. And we'll give you as much as you can take



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Hype Media Group, a creative firm in Downtown Long Beach, often hires graduates from local universities such as California State University (CSU), Long Beach and CSU Dominguez Hills. The founders of the firm, which employs 22 people, are pictured here with several of those hires. From left: Alex Proano, co-owner; Ryan Crook, director of digital communications; Joey Mailloux, director of content; Chad Pelliccioni, co-owner and CEO; Adam Domenici (standing), creative director of media; Bill Parks (sitting), community manager; and Luisa Razzari, community manager. (Photograph by Brandon Richardson)

on,” he said.

ETA also looks to local universities when hiring for permanent positions, Carrillo noted. “Any time we’re looking for a more senior type of position, we always reach out to Cal State Long Beach’s MBA program. We also reach out to [its] Institute for Innovation and Entrepreneurship,” he said.

Hype Media Group, another downtown-based advertising firm, also makes a point of hiring interns from CSULB and other universities in the region. The company, which employs 22 people, specializes in advertising services for Southern California car dealerships. Founder and CEO Chad Pelliccioni said he is in part dedicated to hiring local talent because he would not be where he is today if not for an internship he had while studying at CSU Fullerton.

“I started realizing how tough the job market was and how we could do our part by giving people an internship so they could either use it as a launchpad to another job or be able to work their way into a position here,” Pelliccioni said. “Seven of our employees have gone from an internship to a full-time, paid salary position. So it’s a lot of people’s first real salary-paying job. It’s exciting for them.” Hype uses Internships.com and direct relationships with CSULB and CSU Fullerton to attract interns, Pelliccioni said.

“For us, hiring local talent is important because they have to be able to understand the markets we work in and the different demographics,” Pelliccioni said, noting that applicants from the Midwest

or other parts of the country might not be as familiar with the communities Hype’s clients need to reach.

Joey Mailloux, Hype’s director of content, graduated from CSULB with a degree in communications in 2015. He started with the company as an intern during his last semester of college. “I worked the internship for about five or six months and then I got hired entry level. And now I’m moving my way up to having people under me,” he said.

Mailloux is from a small town in Sonoma County, and said that when he moved to Long Beach for his studies, he realized he wanted to try to remain there after he graduated. “My time at Long Beach State was like incredible. . . . It’s a beautiful campus. All the professors are incredible,” he said. “It’s home for me. Whenever I go back and visit my actual hometown, I usually can’t wait to get back to Long Beach. I call it my home and I plan to be here for the foreseeable future.” He noted that it only takes him about eight minutes to get to work from his Long Beach home.

Hype moved to Long Beach about four and a half years ago from the Torrance area because Long Beach serves as a midway point for employees in Los Angeles and Orange County, Pelliccioni noted. “We like Long Beach... and we’re going to continue to grow,” he said. “We’re entertaining purchasing space right now, and committing to Long Beach for a long time. So we’re not going anywhere. We’re happy.” ■

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# Long Beach City College Revives Career Technical Education Programs

■ By **SAMANTHA MEHLINGER**  
Editor



Students in Long Beach City College's summer metal fabrication class took a moment with their instructors to show off the personalized tool boxes they made using state-of-the-art equipment at the college's Pacific Coast Campus. Metal fabrication courses are part of the school's career technical education programming. (Photograph by Brandon Richardson)

In 2013, Long Beach City College (LBCC) canceled 11 of its career technical education (CTE) programs. Now, with a tight labor market and high demand for workers skilled in the trades, the school is bringing back some of these programs this fall, as well as adding new ones.

Returning programs, some of which have been revamped and renamed, include welding, automotive technology and construction technology (formerly carpentry). New programs include advanced manufacturing and engineering technology. The latter, however, may in the future serve as sort of a revival of the school's aviation/aerospace technical program, which was among those continued in 2013, according to Gene Carbonaro, dean of career technical education, who explained that the program has an aviation/aerospace focus. Each of these programs offer associate degrees and certificates. All CTE programs are located at the college's Pacific Coast Campus on Anaheim Street.

In October, a new building for CTE programs is being constructed at LBCC's Pacific Coast Campus off Anaheim Street, which upon completion will enable the college to reboot the discontinued HVAC (heating, ventilation and air conditioning) program.

Demonstrating the industry demand for trained workers in the trades, Carbonaro noted that his department has recently received inquiries about potential partnerships from major firms including Gulfstream, which employs several hundred people at its Long Beach Airport facilities, and Mercedes-Benz USA, which operates its regional headquarters less than a mile away from LBCC's liberal arts campus. Virgin Orbit has already

signed on as a partner for engineering technology.

The college is working on a number of potential industry partnerships through which companies agree to provide facilities or equipment to assist in student training, thereby creating a potential talent pool for them to benefit from. According to Carbonaro, the college is seeking more such partnerships.

In order to meet the employment needs of local aerospace/aviation firms, such as Gulfstream, for example, LBCC would require donated space at the airport, he noted. "We would love to bring it back immediately, we just don't have space on campus," Carbonaro said, referring to the former extent of instruction through the aviation/aerospace trades program. The space formerly used for those courses is now occupied by the advanced transportation technology program, which teaches students skills related to vehicles powered by electricity, compressed natural gas and other alternative energy sources. "I don't want to spend a lot of money right now unless we get some firm commitments from the industry," Carbonaro said.

There is already interest. Carbonaro said he is working with Gulfstream on a potential partnership. The firm reached out to LBCC due to a need for skilled employees. "They showed us all the data of all their employees' retirements coming up these next five years. They are going to struggle for employment," the dean said. "They had a fair [about] six months ago and they had nobody apply." He noted that technical jobs in the aerospace industry are high-paying, in addition to being in high demand.

In order for new CTE programs to be approved by the college administration,

Carbonaro said he must provide evidence of employment demand in related fields. "If the data is not positive, we won't start a program," he said. "All these programs we created have 6-10% job [increase] outlook for [about] the next 10 years. That's why a lot of them are coming back."

For example, the number of welding jobs is expected to increase by 8% through 2022, with nearly 4,500 annual openings, according to data Carbonaro provided from the Los Angeles/Orange County Center for Excellence. The median hourly earnings for these jobs ranges from about \$17 to \$29 per hour. The construction technology sector is expected to experience a 5% increase in jobs over the next five years, with more than 10,000 annual job openings.

While overall enrollment at LBCC has been down for the past few years, enrollment in CTE programs has been

increasing, according to Carbonaro. In particular, the dean is "amazed" by the enrollment in the automotive technology program for the fall.

While there is high demand for employment in technical fields, Carbonaro noted that LBCC is still working to more successfully pair students with employment upon completing their studies. "We're getting better at it, but we don't have a steady pipeline [of employers] yet. . . . We're working on it," he said. "Obviously the local unions pay really well. Our goal was to try to get them in these union jobs as an apprentice and then move their way up. So that's our big push."

Businesses interested in partnering with CTE programs can contact Carbonaro at 562-938-4624. Students interested in the programs may call 562-938-4380. ■



A Long Beach City College instructor and assistant pour molten aluminum into a mold during a metal fabrication class at the Pacific Coast Campus. (Photograph by Brandon Richardson)



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Safety Assessment Program Certification Course	RFP DC19-111	08/22/2019
Emergency Operations Center Management Courses (G775 & G191)	RFP DC19-110	08/22/2019
Essential Emergency Operations Center Action Planning Courses (G-626E)	RFP DC19-109	08/22/2019
Disaster Recovery Courses (G-205)	RFP DC19-112	08/22/2019
Engineering Design Services for LBWD GWTP HVAC System Improv	RFP (EO-3500)	08/29/2019
Animal Foster Care Coordinator	RFP PR19-103	09/05/2019
Cat Cages ITB PR19-113		09/10/2019
Qualification and Selection of Peer Reviewers	RFQ DV17-112	Continuous

**\*\*Some of the listed projects have scheduled mandatory pre-bid meetings which may have already occurred due to publication lead times\*\***

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(Continued from Page 1)
better." And I don't think I've ever read such an eloquently succinct summation of what I had been feeling for years.
Columbine is often regarded as the first mass school shooting, but it wasn't. There were quite a few that preceded it in the '90s - not that I knew that at the time. I was too little to watch news coverage like that. But I was apparently not too little for lockdown drills: breathless exercises in which my class of fellow eight-year-olds was told to stay impossibly quiet as our teacher turned off the lights, closed the blinds, and locked the doors. I would try to turn my head to the side - we had to keep them flat on our desks so our silhouettes would not be seen - to peer at the incoming rays of sunlight, imagining dark figures passing by, wondering why we needed to hide from them, and who would ever want to hurt us.
In middle school, a year after Columbine, the class clown in my Algebra class drew a picture of himself shooting up the school and passed it around the room. Our teacher marched him out with the authority of a drill sergeant. I never saw him again, until one day, years later, he delivered pizza to my house.
A year later, I was kept home from school, where I sat on the carpet in my bedroom, watching the Pentagon and Twin Towers burn, and thousands of people running, falling, and engulfed in the ashes of their neighbors.

It seemed to accelerate after that, didn't it? The terrorist attacks, the school shootings, the hate crimes. The domestic terror that has been ongoing for the entirety of my generation's lives seems to be escalating. There have been more mass shootings so far in 2019 than there have been days of the year.
According to data compiled by the website Statista, 64 out of 114 mass shootings since 1982 have been committed by white individuals - most of them men. To illustrate why that is significant, as a basis of comparison, the next largest group of perpetrators are black individuals, who committed 19 out of those 114 attacks.
If you're ready to blame the religion of Islam every time a Muslim commits a terrorist act, what are you going to start blaming every time another white male commits one?
Is there one answer? I doubt it, but there are many common factors that appear in these cases over and over again: toxic masculinity, white supremacy, isolation. An immersion in online forums espousing hate speech and/or violence. In some instances, mental health issues - although not as often as some politicians would have you believe. And, of course, access to guns - in particular, to assault weapons.
I once shot an assault rifle. In my early twenties I briefly dated a cop. On our fourth date he took me to a firing range, because on our third I'd told him

I'd never shot a weapon.
To my surprise, in the duffel bag he brought along was not one, but four guns. He taught me how to use a small pistol and a revolver. They were loud. My aim wasn't terrible. All in all, it was an OK experience. The only thing that bothered me was being confined in a room with several other people firing weapons that could kill me. But then he pulled out an assault rifle. It was easily the length of my torso. He asked if I would shoot it, and I said no. No one needs to shoot that, I said. An over-eager attendant (apparently firing range folks are big fans of cops, or at least so said my date) came up and said, "Excuse me miss, you will shoot that weapon." They exchanged a look that was the equivalent of a high-five. In a room surrounded by men with weapons, and already uncomfortable, I decided, as I have often done as a woman, not to "make a scene" at the sacrifice of my own comfort, a decision borne mostly out a desire to get it over with so I could leave. When I pulled the trigger, shock waves rippled across my vision, surprising me almost as much as when the weapon kicked back, punching my collar bone.
In the car on the way home, I told my date that that weapon only had one purpose, and that was to tear a person in half. He nodded, appropriately grim. Maybe not in half, he said, but it wasn't made for people to survive.

You would think the Millennial generation, one that has grown up in an era where mass shootings are so frequent that they now outnumber the days in the year, would favor some kind of action to deter gun violence. But try researching the issue, and opposing data sets come up - some say we support gun control. Others say we don't. I can only hope that, as we age and more of us are in positions to do something about it, that we will be wise enough to understand the difference between what is reasonable and unreasonable. It is unreasonable to fear going to a public place for worry of death by mass shooter. But here we are.
You know what they say: the definition of stupidity is doing the same thing over and over again and expecting different results.
Even my cat knows this. After I adopted her, she systematically knocked over every item on my dresser each morning in a bid to get me out of bed to feed her. When I realized that complying was positive reinforcement, I gritted my teeth and bared disrupted sleep for a couple weeks until she got the hint. You know how she wakes me up now? Polite meows and licks on my nose. She knows intimidation will not get her anywhere, other than locked out of my room.
What my cat understands, Congress cannot seem to grasp. Maybe we should lock them out of the room, too. ■

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