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## Long Beach Real Estate Markets Remain Stable As Year-End Approaches



Jeff Anderson, CEO of Anderson Real Estate Group, is pictured at one of his firm's oceanfront listings in Long Beach – a fourth floor condominium listed at \$850,000. The unit features three bedrooms, two bathrooms and two parking spaces. (Photograph by Brandon Richardson)

■ By **BRANDON RICHARDSON**  
Senior Writer

Prices continue to increase across all Long Beach residential and commercial real estate markets, although the rate of increase has slowed when compared to previous years, according to local experts.

“[Residential real estate] has been evolving over the last couple of years. It’s been pretty exciting to watch,” Jeffrey Rose, an area lending manager and vice president based in El Segundo for Bank of America, said. “A lot of development, a lot of turnover. On the purchasing side, there’s limited space in

Long Beach.”

Rose said the development boom in Long Beach is bringing more options to residents, noting the various single-family, townhome and condominium projects throughout the city. However, with low supply and continued demand, sales

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## Business Improvement District Initiatives Bring Shoppers And Diners To Bixby Knolls

■ By **ALENA MASCHKE**  
Senior Writer

When Blair Cohn joined the Bixby Knolls Business Improvement Association 12 years ago, the country’s economy was heading toward a dark place. Just months after he was hired to lead the business improvement district (BID), the Great

Recession of 2008 hit the nation’s economy with full force, and businesses in Bixby Knolls weren’t spared.

Today, it’s hard to imagine the vacant storefronts and concerned business owners, struggling to stay afloat, that marked the economic decline of the late 2000s. Anyone strolling or driving down Atlantic Avenue

will find no shortage of small businesses, big box retailers, franchises and mom-and-pop establishments, ready to host, sell and service.

Cohn looks back at those challenging times as an opportunity to innovate. “That’s when I thought: we have to do something,” he remembered. Tack-

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## Trade War Taking Its Toll At Home: Jobs, Commerce At Risk, Study Shows

■ By **MICHAEL GOUGIS**  
Contributing Writer

Increased tariffs on imported and exported goods moving through the Los Angeles and Long Beach ports have cost American consumers billions of dollars, distanced U.S. businesses from foreign markets and have contributed to a dramatic drop in activity at the ports, a new study concludes.

And the longer the tariffs stay in place, the greater the long-term damage to the U.S. economy. That’s according to the study commissioned by the Port of Los Angeles and released in a news conference featuring the port and representatives of industries harmed by the trade conflict.

Researchers calculated a state-by-state, congressional district-by-district analysis of the current impact of the tariffs imposed on imported goods and the tariffs imposed by other countries on U.S. exports. Officials with the port and other associations added a forward-looking component to the study, looking at the potential for long-term shifts in supply chains and markets that will remain in place long after the current trade conflict has ended.

“This is not meant just to be a retrospective on what has happened. It is also a forward projection on what will happen,” said Port of Los Angeles Executive Director Gene Seroka. “This truly is an issue of national and international significance. America needs to know the impact of tariffs on its economy.”

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### MILLENNIAL PULSE

## Millennials Make The News, Again

■ By Editor **SAMANTHA MEHLINGER**

Over the course of the past two weeks, public commentary and news coverage around the Millennial generation has swelled due to the release of numerous reports about our lifestyles. There was also, of course, the matter of that instantly infamous, defiant utterance by one Millennial legislator, “OK, Boomer,”

which immediately enflamed the rage of our elders.

While I don’t think the latter point is the one that should have gotten the most attention, I’ll go ahead and start there because that’s what everyone is the most worked up about. I first

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PortSide: Keeping Up With  
The Port Of Long Beach



■ By **ALENA MASCHKE**  
Senior Writer

In his over nine years with the Port of Long Beach, Environmental Specialist Associate Alex Holford has worked on some of the port’s hallmark projects. After starting as a college intern, Holford joined the port’s environmental planning division, where he has worked on the reports necessary to bring in federal grants for the port’s first fleet of fully automated vehicles at the Long Beach Container Terminal. He also acts as a stormwater inspector on the site of the Middle Harbor Redevelopment project, and he will be part of the team assembling the National Environmental Policy Act (NEPA) report necessary to qualify the Pier B On-Dock Rail Support Facility project for federal funding. “It’s a learning process and you build up your set of tools with every

project,” Holford noted. While he takes on projects from other sections of the department whenever necessary, Holford is focused on preparing California Environmental Quality Act (CEQA) and NEPA documents for large-scale construction projects. Previously, he worked with the department’s HAZMAT remediation team, inspecting construction sites to assess the risk for hazardous material to be released into the ground or water. For Holford, working for his hometown was prompted by a sense of duty. “I was born and raised in Long Beach, so I always felt like working for the city where I grew up and live in was something important for me,” he said. The team spirit is what makes his department stand out, Holford noted. “We all get along really well,” he said. “It makes it fun to come into work every day.” ■

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## Luminaries Descend On Convention Center To Talk Trade, Global Business



Panelists discuss business with China at the GetGlobal Conference. Pictured, from left: Tom Doctoroff, global senior advisor for Prophet; Debra Lodge, managing director, head of international solutions and China solutions for HSBC Bank; Alan Turley, the U.S. deputy assistant secretary of commerce for China and Mongolia; Craig Allen, president of the U.S.-China Business Council; and panel moderator Bill Edwards of Edwards Global Services. (Photograph courtesy of GetGlobal)

■ By **SAMANTHA MEHLINGER**  
Editor

In early November, top executives from major U.S. and international companies – from Walt Disney International to Johnson & Johnson and many others – as well as leading government officials and trade experts, gathered at the Long Beach Convention & Entertainment Center for a two-day conference on the topic of thriving in global markets. Panel discussions and roundtables ranged from industry-specific topics such as “innovation in supply chain and logistics” to dialogs about specific countries, including a keynote panel on China featuring the likes of the U.S. deputy assistant secretary of commerce for China and Mongolia.

The event, GetGlobal 2019, was held in Long Beach for the first time on November 6 and 7 thanks in part to wooing by the city’s economic development department. According to John Keisler, the department’s director, it was one of city’s economic development commissioners, Leah Goold-Haws, who suggested bringing the event to the city to help achieve goals related to promoting foreign direct investment. Ultimately, the city, the Port

of Long Beach and Keisler’s department all signed on as sponsors for the event.

GetGlobal attracted 1,149 participants from 600 companies representing a combined \$590 billion in revenue and 1.9 million employees, Keisler said.

Bringing these individuals to Long Beach – as well as the luminaries who spoke at the event – benefited the city in a number of ways, per Keisler’s estimation. “For us, there are three main reasons that you convene. Number one, it’s to market and promote the city. So by bringing people into the city to experience firsthand the economic development that’s happening here and to experience the energy and the leadership around international trade,” he said. The convention also helped the city network with major players in the business of importing and exporting, and educated local officials about current events around global trade.

One of the event’s “super sessions,” a keynote event closing out the first day of the convention, was a panel on China featuring Alan Turley, the U.S. deputy assistant secretary of commerce for China and Mongolia; Craig Allen, president of the U.S.-China Business Council and former U.S. ambassador to Brunei; Debra Lodge,

managing director, head of international solutions and head of China solutions for HSBC Bank; Tom Doctoroff, global senior advisor for Prophet; and moderator Bill Edwards of Edwards Global Services.

The panel discussion focused on an array of topics related to doing business in China – socioeconomic and cultural trends, demographics, the foreign exchange rate, trade policy and more.

Doctoroff largely spoke to cultural and socioeconomic differences between Chinese and American consumers. “By not respecting the cultural imperatives of China, marketers make huge mistakes. The way that the Chinese navigate, for example, their digital ecosystem is fundamentally different,” he said. “The unifying tension in Chinese society, which is timeless, is the tension between, on the one hand, projection of status, which takes place in the public sphere, and on the other hand the feeling of self-protection that is required, which is usually much more in the private sphere.”

Lodge spoke mostly about financial markets and investment opportunities going forward. “There was kind of a gasp in the market when China let the rate go to 7,” Lodge said of the foreign exchange rate – the number of Chinese yuan that equals one American dollar. She noted that the government has “a certain control” over its currency.

Since early 2008, the exchange rate has remained below 7, fluctuating between 6 to 6.9, per the Federal Reserve. When the exchange rate is lower, it is cheaper for Chinese businesses to purchase American goods. When it is higher, it becomes more expensive.

“I am repeating what our economist at HSBC is saying, that this was not anything to do with tariffs,” Lodge said of the exchange rate hike. “This was not retaliation. If you actually looked at geopolitical and economics and everything that goes into the exchange rates, it was at a fair rate.”

Allen discussed the economic impacts of the trade dispute between China and the U.S. “At the end of the day, the trade dispute should be relatively easily resolvable because it’s not well founded by economic principles,” he said. “However,

the technology dispute is more difficult to resolve. The issues are complex and are going to be with us for some time. The export control and the related restrictions on Chinese investment into the United States are ratcheting up, and they have affected many high technology companies, and indeed, I would argue, almost all high technology companies.”

Tied up in the debate over trade with China is the issue of alleged intellectual property theft by Chinese entities related to American technology, but Allen emphasized that the topic of the trade imbalance should be addressed separately.

Turley discussed the long-term trends in China that American businesses should pay heed to. “First and foremost is the aging of the Chinese population,” he said, noting that China’s longtime one-child policy led to an imbalanced age dynamic in families, with four grandparents, two parents and one child per household. Despite China’s move in 2013 to allow two children in households where at least one parent was an only child, birthrates haven’t increased significantly.

“The second trend that I would cite . . . is again the slowdown in growth. And with the slowdown in growth, if you will, the maturation of many Chinese companies,” Turley said. “In the past 20 years, Chinese companies have gone in many cases from small and not very competitive to being really nimble, sophisticated, well-managed and well-capitalized. And you have really exciting companies that have grown up in this space in China. They are going to continue to stretch their wings and have new products. And it’s going to be harder, I think, for new companies to compete in the Chinese ecosystem.”

As for what to watch out for in the short-term, Turley summarized: “As tensions mount, the opportunities for a misstep on either side that would really cascade in a bad way are one of the things that I worry about.”

Keisler said he hopes GetGlobal continues to come back to Long Beach. One of his goals is for the organizers to run the event in Long Beach for at least the next 10 years, making it the premiere conference on the West Coast for trade. ■



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# Long Beach Puts Freeze On No-Fault Evictions

■ By **ALENA MASCHKE**  
Senior Writer

All across Southern California, tenants and their advocates have sounded the alarm over evictions and lease terminations following the passage of a state law that caps rent increases and instates eviction protections starting January 1, 2020. In response, several cities in the region have imposed moratoria to prevent tenants from being kicked out of their homes before the new law goes into effect. On November 12, following a vote by the city council, Long Beach became one of them.

The urgency ordinance approved by the city council that day was proposed by 9th District Councilmember Rex Richardson, who said residents of his district had approached the city council after their landlord ordered them to vacate their apartment last month.

Richardson told the Business Journal he reached out to colleagues in Torrance, Pasadena and other cities in the region to find out how widespread the issue was. In speaking to the elected officials and city staff of nearby municipalities, Rich-

ardson was able to identify a trend. “They said they’ve been hearing these stories as well,” he recounted. “There was enough to say: there’s a real strategy being deployed here to move people out before the deadline. And the law itself is creating an incentive.”

Assembly Bill 1482 was signed into law on October 8. It caps rent hikes at a maximum of 10% or lower, depending on local cost of living increases. The new law also protects tenants from having their lease terminated unless their landlord provides one of 18 qualifying causes for the termination, which are listed in the bill’s text. The list includes at-fault causes, such as failure to pay rent, and no-fault causes, such as a landlord’s plans to substantially remodel the property.

However, the bill does not put a cap on rent increases between tenants, meaning that once a tenant moves out, landlords are free to set the rent of the unit at whatever amount they desire. Dennis Block, a real estate attorney who has gained notoriety for offering eviction seminars to landlords in the wake of the new law, published a warning on social media days after

it was signed into law by Gov. Gavin Newsom. “#Landlords,” he tweeted, “your window of opportunity is closing [...] you have less than 7 days to serve your tenant a notice to quit to avoid the new rent control law.”

Richardson’s proposed ordinance was fashioned after similar moratoria approved in the cities of Los Angeles, Cudahy, Bell Gardens, Pasadena and Torrance in Southern California, and Milpitas, Redwood City and Santa Cruz to the North. In its essence, the moratorium approved by the Long Beach City Council invalidates any notices of lease terminations with move out dates on or after November

12, as well as notices issued after that date, until the new state law goes into effect.

“The delayed implementation of AB 1482 has caused an incentive for landlords to evict tenants to avoid AB 1482’s protections in a predatory manner that is harming the health and safety of Long Beach residents,” Richardson’s letter to the council stated. “A temporary pause on no-fault notices and evictions in Long Beach will protect residents in the interim of AB 1482’s enactment and will furthermore help stabilize the rental market while the City adapts to new state laws.” ■

## Trade War

(Continued from Page 1)

During the past two years, a trade war has escalated between the U.S. and several other countries, with disagreements between the U.S. and China leading to tariffs that are higher than they have been in decades.

The impact is evident at the ports, where a massive amount of the materials moving in and out of them is subject to tariffs here or abroad. According to data released by the Port of Los Angeles, October 2019 represented 12 consecutive months of declining U.S. exports, 25% fewer ship calls, and a 19.1% decrease in cargo volume compared to that of a year ago.

It is not surprising that the impact would be seen at the ports, as 52.7% of total cargo coming into the San Pedro Bay ports is subject to import tariffs and 28.8% of total cargo moving out through the ports is subject to export tariffs.

The tariff-for-tariff conflict has had three impacts on U.S. residents, businesses and workers, the study shows.

Import tariffs increase costs for U.S. consumers and producers directly. That means that U.S. consumers pay more out-of-pocket for goods as businesses recoup the increased cost of imported goods created by the higher tariffs. And they drive up the final cost of U.S.-made goods that include imported raw materials or components.

“[These tariffs are] being paid by U.S. businesses. It’s not being paid by China,” said Jonathan Gold, spokesman for Americans for Free Trade, at the study’s release.

The second impact is that goods produced overseas become relatively cheaper to manufacture than those produced here, putting U.S.-made goods at a cost disadvantage. It becomes cheaper to create goods from supplies and components that are not subject to tariffs.

Finally, the trade barriers encourage companies overseas to look for suppliers outside of the U.S. for prod-

ucts. And this impact may be one of the hardest to reverse, even with a new trade agreement with China, because during the period of high tariffs, overseas companies will have forged bonds with suppliers that they are not likely to break immediately – if ever.

“This is at a time when our trading partners are engaging in freer trade with each other. China actually has lowered tariffs on products from other countries,” Rufus Yerxa, president of the National Foreign Trade Council, said. “This is now the greatest threat facing American businesses and farmers. The longer these tariffs stay in place, the harder it will be to recover these partners that we have given away.”

Declining exports are an indication that overseas customers are turning away from the U.S. as a supplier, particularly in the agricultural sector, according to the study. Exports from all 50 states have been hit by tariffs ranging from 26-51%, the study concluded.

The impact has been a 10% reduction in U.S. exports of animal products and feed in a year, researchers found. Angela Hofmann, co-executive director of Farmers for Free Trade, said the knock-on effect has been that farmers are not investing in new equipment and capital expenditures as they are uncertain about their access to foreign markets in the future.

And in the end, higher tariffs have not had the long-term impact on issues of contention with overseas countries – especially China – that U.S. industries and companies most wanted. Agreements over issues like intellectual rights violations and others have remained unsolved, as U.S. goods and products become more noncompetitive in the world marketplace and imported products become more expensive at home.

“If we want to pressure China on issues like IP theft, we need to work with our partners,” Gold said. “Right now, we’re imposing or threatening tariffs on countries we actually like. And it hasn’t gotten us a deal with China.” ■

### CITY OF LONG BEACH BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
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HP Latex Printer & Accessories – Decal Shop	ITB FS20-003	11/20/2019
LB Conjunctive Use Expansion – Palo Verde Pipeline Interconnection Ph. II (EO-3497)	WD-33-19	11/26/2019
Alley Water Main Conversion Daisy Avenue	WD-29-18	12/05/2019
Information Tech Project Management – Utilities	RFP ER19-115	12/05/2019
Electrical Supplies (Citywide)	ITB LB19-116	12/05/2019
Engineering Design Services for the S-8 Sewer Lift Station Rehabilitation Project	RFP (SC-0359)	12/09/2019
On-Call Professional Engineering & Inspection Svcs	RFQ ER19-138	12/12/2019
Queensway Bay Landscape Services	RFP PR19-122	12/17/2019
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\*\*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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# Long Beach Transit To Buy More Electric Buses



The Passport route, where Long Beach’s first fleet of electric buses premiered, features a Wireless Advanced Vehicle Electrification (WAVE) port set in the pavement, allowing buses to up their charge without docking, if necessary. (Photograph by Brandon Richardson)

■ By **ALENA MASCHKE**  
Senior Writer

It has been over three years since the first battery-electric bus was deployed on Long Beach streets. Long Beach Transit (LBT) received the first

of its initial order of 10 buses from Chinese automotive manufacturer BYD in March 2016, adding the remaining vehicles to the agency’s free Passport route later that year. This month, LBT’s board of directors voted to exercise the agency’s option to purchase an additional 14

buses from the company.

On November 7, the board voted to order the additional buses at a price point just above \$1 million per vehicle. According to LBT President and CEO Kenneth McDonald, the new buses will finally enable the agency to begin electrifying additional routes, an objective LBT had been pursuing ever since the first bus arrived in Long Beach.

Initially, the transit agency planned to deploy six of the first 10 buses on the Passport route, a free service that connects Downtown Long Beach and the Queen Mary, and the remaining four on other routes. But, once the first few buses were rolled out, their average range was 80 miles, according to LBT spokesperson Michael Gold, far below the 150-mile range guaranteed by the manufacturer, making them unsuited for the agency’s longer routes.

Since then, LBT and the manufacturer, BYD, have worked together to improve the performance of the buses, according to McDonald. Over the past year, BYD replaced the fleet’s batteries, improving their range to meet the min-

imum of 125 miles required for service on most of the agency’s routes. The new liquid-cooled batteries have delivered the necessary range improvement, setting the stage for a larger deployment of electric buses across LBT’s network of routes, McDonald said.

The technology that powers electric buses is still under development, and it’s not uncommon for transit agencies and manufacturers to work out issues in the first years of their contracts, Matthew Casale, director of 21st Century Transportation Campaign at U.S. Public Interest Research Group (U.S. PIRG), told the Business Journal. Casale is one of the authors of a report on electronic bus programs across the country, which was published by the U.S. PIRG nonprofit conglomerate, Environment America and the Frontier Group, last month.

“Now that the technology is better known and is starting to take off, more and more people are looking at this,” Casale said. “The one thing everyone wants to know is: how does it work for us?” In a series of case studies, the research group considered challenges



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and successes experienced by different agencies that have incorporated electric buses into their fleets in recent years.

In most cases, electric buses were found to have performed well in the studied pilot programs. “[Electric buses] have often been cheaper to fuel and maintain than their diesel counterparts,” the report stated. “But early adopters have experienced a set of technological and economic hurdles that future electric bus programs will need to overcome.” Battery life and range have presented challenges in some cities and high prices for electricity have led to limited financial benefits in others.

“That’s why it’s important to do a pilot program,” Casale noted. “Each agency, for its electric bus program, should set specific goals on the kinds of emissions reduction benefits, public health benefits and financial benefits they want to get out of their electric bus program and then measure the success based on that.”

According to Gold, LBT’s main goal is to have a fleet that is completely comprised of alternatively fueled vehicles by the end of next year and to eventually reach zero emissions. “We should reach our goal of eliminating all diesel buses by the end of 2020, meaning the entire fleet will be alternatively fueled,” Gold told the Business Journal.

The only agency studied by the

PIRG-led research group that was found to have a decisively negative experience was ABQ RIDE, which is run by the City of Albuquerque Department of Transportation. The agency serving New Mexico’s largest city ordered 18 buses from BYD, which were produced at the company’s factory in Lancaster, California.

Once deployed in 2018, the new fleet was plagued by “serious durability and safety issues,” according to local media reports quoted by Casale and his co-author, including doors that opened unexpectedly, air conditioning outages, mal-functioning brakes, faulty electrical wiring, inferior welding of frames, battery cages cracking and separating, unmarked high-voltage contacts, exposed wires and overheating batteries that the transit network said posed a serious fire risk. Additionally, the buses performed far below the range promised by the manufacturer, the report noted.

Albuquerque was also the only city included in the report that purchased buses from BYD and other cities have reported similar issues with the company’s buses. BYD’s battery-electric buses have proven sensitive to the extreme heat of the New Mexico summer and the extreme cold of the Indianapolis winter. But even in temperate Los Angeles, the buses have struggled with some of the issues experienced by other transit agen-

cies across the country, a 2018 investigation by the Los Angeles Times found.

The 18 buses BYD sent to Albuquerque were eventually returned and the city’s electric bus pilot put on ice. “You can’t really deny that there were issues in the relationship between the manufacturer and the [City of Albuquerque], and there were expectations from the city that weren’t met by the manufacturer,” Casale said. “But I think there are larger issues and more important lessons to be learned from that case study, and part of it is about the way you develop that relationship with the manufacturer, whatever manufacturer it is.”

Cities like Los Angeles and Long Beach have worked with the manufacturer to address challenges identified in their pilot programs. Despite initial performance issues, BYD recently announced its largest-ever U.S. order of 130 buses, placed by the City of Los Angeles.

“It seems like they’ve done a good job of addressing the issues and figuring out how to make it work, together with the transit agencies,” Casale noted. “Whether you’re working with BYD or you’re working with any of the other manufacturers, you just want to build protections into the contract, to make sure that you’re actually getting the technology that you think you’re getting.” In Long Beach, battery replace-

ments undertaken by BYD to improve the range of buses to 135 miles were covered by the company’s warranty, according to McDonald.

Over the past month, LBT has tested the performance of BYD’s buses on one of its regular routes, the 45/46 between the Lower West Side and Park Estates. The results have been reassuring, said McDonald, prompting him to suggest the agency exercise its option to purchase the additional 14 vehicles. Soon, BYD’s buses are expected to be deployed on several routes in the agency’s network. “That is the intent,” McDonald said. “That’s why we started [the pilot].”

The report compiled by U.S. PIRG, Environment America and the Frontier Group noted that scaling up electric bus programs quickly following their pilot phase is key to their success. “The

larger the fleet, the greater the potential economies of scale, and the greater the opportunity to demonstrate the vehicles’ functionality and desirability,” the report stated.

Despite some technological and financial hurdles, electric buses remain an important tool in the effort toward zero public transit emissions, Casale noted. “The potential public health and environmental benefits of electric buses far outweigh those challenges,” he said. “Whatever challenges there are with electric buses, we can overcome them.” ■

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# City Hall News In Brief

■ By **ALENA MASCHKE AND BRANDON RICHARDSON**  
Senior Writers

## City Council Denies Appeal, Greenlights 345-Unit Development

The Long Beach City Council voted unanimously on November 12 to deny an appeal by Supporters Alliance for Environmental Responsibility (SAFER) against a two-building residential development project and approve the proposed site plan. Councilmember Rex Richardson was absent. SAFER contended that the Ensemble Real Estate Solutions & Investments development known as Third + Pacific does not meet the guidelines of the Downtown Plan, which was adopted in 2012, and therefore requires a California Environmental Quality Act (CEQA) review. Developments that meet the guidelines of the Downtown Plan are exempt from CEQA review. City staff assured the council that the project, as proposed, meets all required standards. Located at 131 W. 3rd St., the approved site plan consists of 345

residential units in two buildings — one 23-story tower and one eight-story mid-rise. The project also includes more than 14,000 square feet of retail space. SAFER is a nonprofit organization founded in January of this year, according to cabusinessdb.com. The organization has filed similar appeals in Los Angeles and Chino on March 4 and Jun 28, respectively.

## Transient Occupancy Tax Increase

Mayor Robert Garcia has requested the Office of the City Attorney prepare an ordinance to permanently increase the city's transient occupancy tax (TOT) by 1%. The current TOT in Long Beach is 12% of the room rent, paid for by guests of hotels, vacation rentals and other hospitality establishments offering overnight stays. The increase, the mayor argued, would still put the city's tax rate below that of its nearest competitor, the City of Anaheim. The additional tax revenue would be evenly split between the Long Beach Convention & Entertainment Center and major arts and culture organiza-

tions, according to the mayor's letter to the city council. The request was approved by the council in a 7-0 vote on November 12. A corresponding measure will be placed on the March 3 municipal election ballot.

## Report On The Status Of Brick-and-Mortar Retail

Based on a request by 3rd District Councilmember Suzie Price, the city council has asked Acting City Manager Tom Modica to prepare a report on the status of retail commerce, both regionally and in Long Beach, with a focus on brick-and-mortar establishments. "This growing role of the on-line marketplace is changing the way businesses operate and how local business corridors function," Price said in her letter to the council. "The city council is requesting a report from the city manager about changes in the retail environment, and to recommend how the city may help all local small business innovate, evolve, and thrive." The item was approved in a 7-0 vote on November 12, starting the clock on a 120-day deadline for the report.

## Increased Budget For East San Pedro Bay Ecosystem Study

During the same meeting, the city council approved a request by the Long Beach Public Works Department to increase the city's share of costs for the East San Pedro Bay Ecosystem Restoration Feasibility Study by \$560,500. The study initially kicked off in 2005. Five years later, the city entered an agreement with the United States Army Corps of Engineers to explore potential modifications to the city's breakwater. The purpose of any potential modifications would be to improve biodiversity in the San Pedro Bay and allow for more recreational opportunities along the shoreline, according to a staff report. An array of options identified through the study will be discussed in a draft integrated feasibility report to be published on November 22. The approved increase brings the city's share of the study to \$2.9 million dollars. It was approved in a 7-0 vote.

## Ban On Flavored Tobacco Products

In a decision long-protested by vape shop owners and users of vapor products, the city council declared an ordinance banning the sale of flavored tobacco products in an effort to prevent the use of vape products by teens. "As we have seen decades of declining nicotine addiction in youth, there has been a spike in recent years as vaping has become more popular, leading to growing numbers of teens that are heavily addicted," Price, who spearheaded the ban, stated in a press

release following the ordinance's unanimous passage. Price also noted that a wave of lung injuries associated with vaping products made the issue even more pertinent. "With the Center for Disease Control reporting 39 deaths and 2,051 pulmonary injuries directly related to vaping, it is important that the City Council take decisive action to ensure Long Beach residents are protected," the release stated. The ban includes all tobacco products, including cigarettes and cigarillos, in all flavors, including menthol.

## New Natural Gas Fueling Station For City Vehicles

In the prior week, the city council awarded a contract for the operation and maintenance of a municipal natural gas fueling station to Clean Energy Fuels, a fuel delivery company based in Newport Beach. Clean Energy will be tasked with upgrading the existing station that was previously maintained and operated by the Long Beach Energy Resources Department, to meet the growing fuel needs of the city's expanding fleet of vehicles powered by compressed natural gas (CNG), according to a staff report. "The department continues its ongoing efforts to reduce greenhouse gas emissions, and aims to supply 100% renewable natural gas (RNG), a net-neutral carbon emission fuel, [to the station]," the report said. The contract has a value of \$425,000 with a 15% contingency.

## Revisions To Ballot Measure Text On Measure A Extension

On November 5, the city council also approved a request by the city attorney's office to change the language of a question to appear on the March 5 municipal election ballot. The question asks voters to permanently extend the Measure A Transactions and Use (Sales) Tax. The language includes a simplified description of the varying tax percentage to be levied over the next eight years, before the tax settles on its 1% permanent rate after October 1, 2027. The new text also includes a change in the listed purposes for the collection of the tax. In its initial language, the question was phrased to ask voters whether a tax should be levied to maintain libraries, among a list of other items, such as police and fire services. In the new version, the maintenance of libraries has been replaced by the purpose of "improv[ing] water quality." Although the permanent extension of Measure A was proposed, in part, to help fund the seismic retrofitting of Community Hospital, this purpose was not mentioned explicitly in either the initial or rephrased ballot question. ■

## Winter Class Registration Going On Now

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# Mary Zendejas Emerges As Likely Winner Of First District Election

■ By **ALENA MASCHKE**  
Senior Writer

Mary Zendejas, a member of Long Beach Transit's board of directors, came in first in the special election for Long Beach City Council District 1 on November 5, according to a preliminary count of votes published by the Los Angeles County Registrar-Recorder/County Clerk.

The count shows Zendejas leading with 31.52% of votes, followed by Mariela Salgado with 25.53%. In the district of over 49,000 residents, only 2,722 residents made their way to the ballot box, according to the county registrar.

The election results have yet to be certified, a process that can take up to 29 days following the election. The county registrar's office did not provide

an estimated date for certification of the results by press time.

Zendejas is a long-time resident of Long Beach, a graduate of California State University, Long Beach, and an advocate for the rights of immigrants and people with disabilities. She is the founder of Professional Abilities Association of America, an organization for and by professionals living with disabilities, as well as a former member of Mayor Robert Garcia's transition team and the Housing Long Beach board of directors.

On November 6, following initial results showing her in the lead, Zendejas tweeted, "I knew it would take our hard work, dedication, and drive – and that is exactly what you brought. This was your campaign, and I will work hard to make you proud! ¡Si se puede!" ■



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# Container Living: One Local Firm's Answer To



CRATE Modular Vice President Amanda Gattenby, left, and President Lisa Sharpe said container-based housing is a fast and inexpensive solution to California's housing and homeless crises. The business partners are pictured with a model unit at the company's facility on the Long Beach-Carson border. (Photograph by Brandon Richardson)

■ By **BRANDON RICHARDSON**  
Senior Writer

Home prices and rents continue to increase throughout California, exacerbating the statewide housing crisis. Housing issues impact homelessness throughout the state, which accounts for 24% of homeless persons in the U.S. – nearly 130,000 people, according to a 2018 report by the U.S. Department of Housing and Urban Development. To combat the crises, Gov. Gavin Newsom has called for increased housing development, and many residents are seeking additional housing options that are cheaper and faster to construct. Local firm CRATE Modular believes steel shipping containers could be the answer.

“People are being priced out of these markets, so how can we build a community that works here and lives here? It's this whole idea of sustainability – the product, the people, the community, all

of it,” CRATE President Lisa Sharpe told the Business Journal. “Homelessness is such a profound issue. [Our company] is about making a difference in our community, getting people off the street and creating market-rate multi-family [housing] for people that just can't afford to live in these markets anymore.”

Founded just over one year ago with the acquisition of Growthpoint Structures, CRATE is a women-owned development firm specializing in the design and construction of container-based buildings. CRATE operates out of a 110,000-square-foot warehouse and office on the Long Beach-Carson border. The firm has more than 100 employees – most of them residents of Long Beach and Carson – with plans to increase its workforce by 30% in the next six months.

To accommodate its need for a rapid increase of skilled workers, CRATE has partnered with California State University, Long Beach, to attract students from

its programs, and will partner with Long Beach City College's (LBCC) welding and metalworking trades program next year. Sharpe said these students will have access to apprenticeships following graduation, which could lead to permanent fulltime jobs once fully certified. Employee retention at CRATE is 98%, Sharpe added.

“People don't leave. It's like we're a big family here,” Sharpe said, noting the company's paternity leave policy and its ability to accommodate employee needs. “We want people to be proud of where they work, and I want to support our employees.”

Over the last five years, CRATE and its acquired firms have designed and delivered more than 250,000 square feet of container building space, including Potters Lane in Orange County, a 16-unit project for chronically homeless veterans. The project was the first container-based apartment building for chronically home-

less veterans in the U.S. From design to occupancy, Potters Lane took nine months to develop at a cost of \$6.3 million. CRATE Vice President Amanda Gattenby, who has a background in affordable housing development, said a similar affordable housing project constructed by traditional means usually takes anywhere from 18 months to two years to be completed. The firm has also completed an eight-unit container building in Los Angeles that houses 32 chronically homeless people.

“We're part of the Factory-Built Housing Program, which is overseen by [the California Department of] Housing and Community Development. We have a state approval, which means our factory can build for anywhere in California,” Gattenby said, adding the company is also part of a similar federal program. “Our permitting time is very abbreviated – anywhere from 48 hours to five days. We have state inspectors come to the factory.”

Container-based housing is ideal for



# Homelessness And Housing Affordability



CRATE Modular employees modify steel shipping containers to be used in the development of affordable and market rate housing, including accessory dwelling units, at the company's 110,000-square-foot facility on the Long Beach-Carson border. (Photograph by Brandon Richardson)

cities such as Long Beach that are nearly fully built out but may have small vacant or underutilized lots available, Sharpe noted. She explained that due to the standardized sizes of containers – eight feet wide by eight feet tall, with lengths of either 20 or 40 feet – they can easily be placed and stacked on sites that may not be desirable to a traditional developer. Because of the ease of container building, smaller properties can be utilized for shelters or affordable housing for homeless rather than sitting vacant or dilapidated, she said.

Once a particular module or container configuration has been approved by the state, the same design is pre-approved, in perpetuity, for future developments, Sharpe said, adding that local entitlements and zoning still apply. Modules are portions of a unit that can be combined in numerous configurations to customize housing, be it multi- or single-family. Currently, CRATE has 11 modules pre-approved by the state, as well as six configurations ranging from studio to two-bedroom units. CRATE also has pre-approval for five multi-family buildings, a 15,000-square-foot homeless shelter and 12 different classroom configura-

tions. As the company's latest endeavor, two accessory dwelling units (ADUs) have been pre-approved by the state.

"Many homeowners are unfamiliar with the building process and starting at the beginning with getting an architect and a soils report and a survey can seem daunting," Gattenby said. "We wanted to offer a turnkey solution with an off-the-shelf, pre-designed, pre-approved item."

Often referred to as granny flats, ADUs have a history of housing elderly parents who want or need to live closer to their children. Sharpe noted ADUs are also ideal for housing a family member who may have been priced out of the housing market, a child who moves back home after college hoping to save money or as a rental income space.

Both of CRATE's pre-approved ADUs include a full bathroom and a kitchen area. A single-container unit is 160 square feet and includes minimal living area, while the 320-square-foot double unit has an expanded kitchen space and additional living space. The single module has a fixed price of \$45,000 and the double module is \$75,000. These prices do not include the sales tax (only 40% of the local sales tax rate) or delivery costs.

Homeowners must obtain a permit for an ADU from the local municipality, have a slab foundation poured and prepare utilities before CRATE can install one of its pre-approved models. Gattenby noted that an ADU can be constructed in three weeks in CRATE's facility. Due to a string of California legislation, parking requirements have been greatly reduced or eliminated for ADUs, permitting for the structures has become streamlined for homeowners and fees have been reduced. Gattenby said CRATE plans to increase its ADU offerings to additional units, as well as expand its pre-approved portfolio to include retail and restaurant units, similar to SteelCraft in Bixby Knolls.

Regardless of project type, each unit or module is fully constructed in CRATE's facility using containers purchased primarily from Port of Long Beach operators. Containers are modified using several metalworking and welding techniques to create openings, such as those for doors and windows. Plumbing, electrical and mechanical work is also completed in CRATE's facility. During the construction process, each container receives two coats of primer – one to prevent rusting and the other for color. Interior construc-

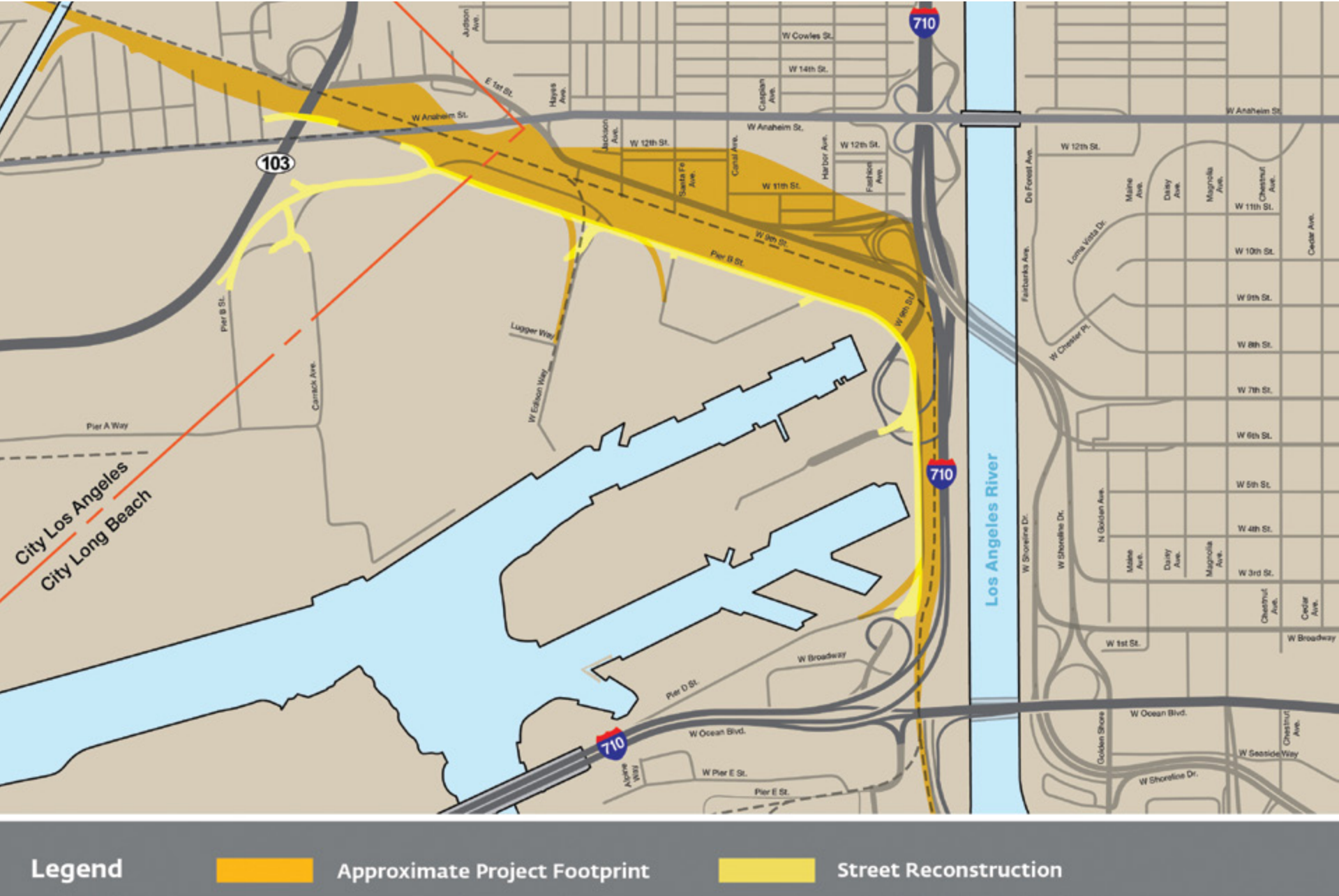
tion includes spray-foam insulation, as well as birch plywood and Corian (a solid surface material made of acrylic polymer and alumina trihydrate) wall finishes. The end result looks like any normal house or apartment.

Once completed, each module is individually transported to the construction site using a semi-truck, just like any container would be transported. "Obviously, the transportation industry is built around containers and our dimensions, so I don't think ever in the history of the company have we had to shut down a local street," Sharpe said. Once onsite, the containers are configured and their utilities are connected. These onsite connections are inspected by the local municipality.

"I'm very passionate about projects with a compassionate component. I see factory-built housing with container modules as being able to really solve the problem of deploying units quickly and creating more units across all [types] – not only permanent supportive housing or emergency shelters, but also market rate," Gattenby said. "Even the ADUs – doubling the density on single-family lots – can help with the housing crisis." ■



# Land Swap Between Ports Paves Way For Pier B Rail Project



Some properties located within the footprint of the Pier B On-Dock Rail Support Facility project were owned jointly by the ports of Long Beach and Los Angeles, necessitating a recent property swap. (Image courtesy of the Port of Long Beach)

■ By **ALENA MASCHKE**  
Senior Writer

Just west of the 710 Freeway, where industrial warehouses push up against Long Beach’s busy port, plans for an \$870 million project are beginning to take shape. The Pier B On-Dock Rail Support Facility will expand the San Pedro Bay ports’ ocean-to-rail capabilities, another step in a collaborative effort to lower emissions from diesel drayage trucks.

“Every long train we send in and out of here eliminates about 750 truck trips off the freeways. We think that’s a very good and worthwhile activity,” Port of Long Beach Capital Program Executive Duane Kenagy told the Business Journal. “Rail is one of the most efficient means of moving goods from an emissions standpoint, and [helps reduce] traffic congestion as well.”

Since spring of last year, things have been quiet around the planned mega project, but a recent land swap between the ports of Long Beach and Los Angeles has been viewed as a sign of progress by port officials and businesses located within the project’s footprint. “I was glad to see that they’ve done some property swapping and have had some positive interactions with the City of Los Angeles, because that’s always been a concern: how will they get along?” property owner Lee Wilson said.

Wilson’s family has owned one of the

properties in the project’s path since 1965. In 2009, he received a notice of preparation, a document describing the Port of Long Beach’s plans for the project, which would require him to sell his property to make space for the planned rail yard. “We’re right in the middle of the project. They’ll take the property,” Wilson said, dryly summing up the situation. “We would like to keep it forever, but we’re not against progress. And our family has been aligned with the port for over 100 years.”

The grandson of a drawbridge operator, Wilson said he recognized the value the port has brought to his family and their land. “The property and the business that’s in that building, for the last 60 years, have been totally dependent on the port,” he said. The parcel is currently home to LAN Logistics, a logistics company specializing in large and military cargo. “The property is not worth very much without the port,” Wilson added.

Because of his family’s history of collaboration and symbiosis with the port, Wilson said he supports the plan, even if it means losing his property. “If I had to criticize anything, I would have to criticize the time that it’s taken,” he said. The long gestation period of the project has presented a challenge, especially for his tenant, Wilson explained. “How do I manage a business, not knowing whether I’m still going to be in business a year from now?” he asked.

Since the port’s plans were initially an-

nounced ten years ago, local businesses and property owners have been on tenterhooks, unsure when exactly they’ll be asked to relocate. Some are frustrated by a lack of updates on the progress of the project.

“Since they’ve received approval from the city council, there’s been little to no communication from the port about what’s going on,” Stan Janocha, chief operating officer of Superior Electrical Advertising, said. “So we really don’t know what’s going on.” While his company wouldn’t be required to relocate to make space for the rail yard, Janocha said the massive project going up just a few feet from its offices might force it to.

The Long Beach City Council approved the necessary environmental impact report (EIR) for the Pier B rail facility in January 2018. The \$870 million budget for the project was approved in September of that year. In March of this year, the port closed the Ninth Street Railroad Crossing in preparation of the project’s construction phase.

The recently approved land swap, in which the ports of Long Beach and Los Angeles exchanged properties that were previously owned jointly by both ports, marks the next step in the project’s long road to completion. Those properties were originally acquired in the 1990s, when the ports bought them from Southern Pacific Transportation Company and Union Pacific Railroad. They were the sites of auxiliary rail routes made obsolete by the ports’ joint purchase of the

main railroad that now forms the Alameda Corridor.

“It’s comforting to see that the city and the port are making that happen,” Wilson said. “At least we’re seeing the light at the end of the tunnel of this process.” The port expects the new rail yard to be completed in 2032, according to a press release. Until construction starts, Wilson and his tenant, LAN Logistics, are working to mitigate the impacts on their future operations.

“We’re standing firm by each other’s side and working with the port to get the outcome we need,” LAN President John Donaldson told the Business Journal in an e-mail. He hopes his company can be relocated within the overweight corridor, given its focus on heavy cargo.

An agreement between the cities of Long Beach and Los Angeles to support property acquisitions within each city’s limits, as well as the land swap between ports, pave the way for the Pier B On-Dock Rail Facility project to move forward. Both were approved by the city council on November 5.

“We’re now embarking on the engineering and eventually the construction and acquisition of property,” Kenagy said. “Both ports are looking at areas of cooperation and this effort has certainly been a very positive experience of both ports working together to address a fairly complicated real estate transaction,” he added. “That’s obviously very good for the future of the San Pedro Bay.” ■







## Real Estate Markets Remain Stable

(Continued from Page 1)

have been constrained and home prices continue to increase slowly. The rate of increase for sales has slowed in 2019 when compared to growth in pending sales in 2018.

While economists and real estate experts previously anticipated a lack of Millennial participation in the home-buying market, Rose noted that the group accounts for about half of current transactions. He added that recent surveys indicate the younger Generation Z is already preparing for homeownership, even though the oldest people in that cohort are 23 years old.

As home prices continue to increase, Rose explained that programs through the government, Bank of America and other private organizations, such as grants and first-time homebuyer programs, are more important than ever. He noted that such programs were not available several years ago, but that they now have the capacity to allow home purchases for people who would otherwise be unable to save for a down payment.

“These programs are driving a little bit of the market and allowing more people access to home ownership, which has been really exciting to see,” Rose said.

Commercial real estate markets, including multi-family, office, retail and industrial, have remained consistent in terms of vacancy rates and slowly increasing rental rates, according to Robert Peddicord, executive managing director of CBRE’s South Bay office. Peddicord noted that tightening markets in Los Angeles County, such as Silicon Beach, have made the South Bay and Long Beach the next alternative for companies looking to expand or relocate operations.

“We feel very good about the market going forward. We’re seeing consistent activity across all property types,” Peddicord said. “Obviously, interest rates are helping, and demand is good.”

Sales prices for industrial properties continue to decline from their 2018 peak, but historically low vacancy rates continue to put upward pressure on rental rates. As space near the ports of Long Beach and Los Angeles remains hard to come by, Peddicord noted that the natural shift will be for further industrial development in the Inland Empire.

Despite a slight increase in retail vacancy rates, rental rates in the South Bay area have increased, thanks in large part to the opening of two brand new

retail centers – Long Beach Exchange and 2ND & PCH, both in Long Beach. Combined, the retail centers have already opened around 80 restaurant, beauty, fitness and retail concepts, with dozens more to come.

“We’re seeing a lot of services. Restaurant uses and workout facilities are the main types of tenants that are gobbling up a lot of space,” Jack Levis, a vice president at CBRE’s South Bay office, said, adding that service-based retail benefits from multi-family development. “The traditional [retail] footprint overall is shrinking.”

Levis noted that thousands of units are currently under construction or planned in Long Beach. However, he said high-quality product is being absorbed quickly, which has kept vacancy low and continues to put upward pressure on rental rates. Levis added that he does not expect newly delivered units to slow rental increases. “A lot of the new units are Class A, downtown high-rise style. They serve just a portion of the population,” he said.

There is uncertainty in the multi-family sphere due to statewide rent control legislation that takes effect January 1, Levis noted. However, now that it is an unavoidable reality, he explained that investors and developers can more easily factor it into their business decisions. Levis did acknowledge that some landlords will inevitably evict

tenants before the end of the year in order to maximize rental rates before the cap is in place. The Long Beach City Council recently passed a temporary ban on no-fault evictions through the end of the year.

The office market remains stable, with a slight increase in rental rates despite a small increase in vacancy. The Port of Long Beach, which recently relocated its headquarters to Downtown Long Beach, left a large vacancy in the suburban office market, soon to be followed by Epson America, which is relocating to Los Alamitos and Molina Healthcare, which is downsizing. All that space could be difficult to fill, according to CBRE Senior Vice President David Smith.

In the Downtown Long Beach market, Smith noted the office tower at 180 E. Ocean Blvd. will have large vacancies when the Salvation Army vacates its space and owner Thrifty Oil begins renovations. However, the building at 401 E. Ocean Blvd. is currently for sale as a residential or hotel conversion opportunity, which could remove office space from the market, helping to lower the downtown vacancy.

“Over the past three years, the number of transactions has been consistent,” Levis said. “Pricing per unit and per square foot has been consistently increasing, as well. Everything is positive and investors are marching forward.” ■

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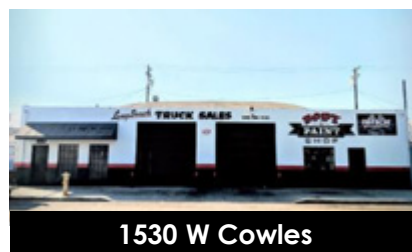
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# Single-Family Market Remains Prohibitive For First-Time Buyers

■ By **SAMANTHA MEHLINGER**  
Editor

In Long Beach, closed sales of single-family homes have decreased in recent months as inventory remains tight, with fewer new listings coming on the market, according to local real estate executives. With the holidays and an election year approaching, they expect similar trends moving forward.

“The last six months of last year and the first six months of this year were down significantly from comparable periods of time,” Phil Jones, owner of Coldwell Banker Coastal Alliance, said of sales volumes of single-family homes in Long Beach. Over the past 12 months, there has been a 1.7% increase in pending sales compared to the prior year-long period, but closed sales are down, according to Jones.

Jeff Anderson, CEO and founding principal of Anderson Real Estate Group, noted that sales picked up in October, but not significantly. Slowing sales are typical beginning around late fall through the winter, he said, adding, “Spring takes off as the selling season.”

“New listings are coming down. The number of sales is staying consistent. It’s just eating into the inventory,” Anderson observed. The current inventory of all single-family homes in Long Beach, including both detached homes and attached residences such as condos, is about 2.4 months, he noted. This means that if no new homes came on the market starting today, everything listed would sell out within 2.4 months, given current demand.

“In October there 19.4% fewer new listings that came on the market than in 2018,” Jones said, referring specifically to detached homes. “The single-family detached inventory was only 2.2 months at the end of October compared to 2.9 months in 2018,” he added. Jones speculated that fewer Baby Boomers may be listing their homes for sale because, even though they may want to downsize, the inventory is so low that they are unable to find anywhere suitable to move.

The median price of a single-family home in Long Beach at the end of October was \$699,000, a 6% increase compared to the same month in 2018, according to Jones. The median price of con-

dos was \$398,000, a 5.1% increase.

While list prices are still increasing, Anderson noted that the final sales price of homes in recent months has been about 1-2% lower than the list price.

According to both Anderson and Jones, historically low interest rates – which for a 30-year fixed rate mortgage are now at about 3.75% – play a role in strong demand for homes. But low loan rates may also be at play in the slowing number of new listings. “Interest rates are incredibly low. We thought maybe that would open up the market to buyers . . . but instead what we saw was a humongous increase in re-fi’s,” Anderson said. He explained that more homeowners are re-financing their mortgages in order to invest in upgrades to their current homes.

As for next year, Anderson expects that the market will remain stable, if not a bit slower. “Traditionally, during times of uncertainty people tend to wait it out and see what happens. And it’s going to depend on if our [interest] rates are stable,” he said, referring to the fact that 2020 is a presidential election year. “I would predict maybe a slight slowing down

in the market. . . . And pricing we think will just stay flat.”

Jones noted that housing affordability will remain a challenge for first-time homebuyers going forward. “Unfortunately they can expect pretty much a similar picture,” he said of 2020.

Jones sits on the boards of both the California Association of Realtors and National Association of Realtors, and pointed out that the organizations are lobbying for incentives to benefit first-time homebuyers. For example, “We allocated \$10 million for signature gathering to get our Proposition 5 back on the ballot with tweaks to it,” he said, referring to a ballot initiative that failed last year. “Prop 5 allows for the portability of property taxes anywhere in the state, you can buy up or down, and you’d be limited to three times of transferring your tax base. . . . We believe that would create a tremendous amount of activity.”

Jones added, “The overall problem is we’re 3.5 million units short in the state. And if we continue to restrict the creation of new housing, it’s just going to get worse as we go on.” ■

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# Long Beach Multi-Family Owners Brace For Statewide Rent Control

■ By **SAMANTHA MEHLINGER**  
Editor

In October, Gov. Gavin Newsom signed Assembly Bill (AB) 1482, which as of January 1, 2020 will institute a cap on residential rent increases to 5% plus the percentage change in cost of living, or 10% – whichever is lower. The bill, which has a January 2030 sunset date, led to a flurry of rent increases and evictions in urban areas, as widely reported by state news outlets, and in Long Beach recently resulted in a temporary moratorium on “no-fault” evictions. While local multi-family brokers expect to see more far-reaching effects next year, there have already been some market changes in Long Beach.

“What I anticipated was kind of a slowing down of the market in terms of sales velocity, but I really haven’t seen much change at all,” Steve “Bogie” Bogoyevac, senior managing director of investments for Marcus & Millichap, said. Bogoyevac explained that, due to the length of sales transactions, it’s possible that impacts to property sales haven’t played out yet because recent sales entered escrow

before the final decision on AB 1482 was made.

Robert Stepp, president of multi-family brokerage firm Stepp Commercial, said that he has seen a sales increase in recent months. “Over the past few months, we’ve seen multi-family sales volume increase somewhat as some owners are looking to move to high-growth, out-of-state markets that are less regulated and more politically friendly to investors,” he told the Business Journal via e-mail. “In the past six months, we have traded a number of clients into multifamily assets in Arizona and Florida, including a 144-unit property in the Phoenix-Tampa market.”

Stepp observed that rental rates have been increasing at a rate of about 2% each quarter for the past six quarters. “We saw the biggest jump in rents from Q2 to Q3 of this year, with rents increasing by 3.29% to an average of \$2,073,” he wrote. “We believe the most recent jump in rents is already showing the unintended consequences of California’s Statewide Rent Control Bill, AB 1482. . . . Many owners who have not consistently raised rents in the past are now raising their rents, knowing that if they miss an annual increase,

they will not be allowed to make up the difference in the future.”

Those most impacted by the new legislation will be long-term owners who haven’t kept their rental rates at market level, according to Bogoyevac. “My opinion is that the greatest effect is going to be on those that have been the most generous to all the tenants, and it’s really sad. The people who have owned buildings for 10, 15, 20 years and have been generous with not increasing rents on their tenants, those particular owners are going to get hit the hardest in terms of value of their property,” he said.

Bogoyevac noted that the law didn’t account for the gap in time between its approval this fall and its 2020 implementation date. “People that have owned for 20 years who haven’t raised the rents now all of a sudden are giving 60-day notices to people or cranking [up] the rents on people that they never would have [otherwise], and now that has created a new problem,” he said. This issue is why the Long Beach City Council requested a moratorium on no-fault evictions in early November.

Property values seem to be stable,

and perhaps still increasing, despite any concerns over rent control. “The continuing economic expansion of the city and low inventory are the driving factors in keeping multifamily property values appreciating, albeit at a slower pace,” Stepp said. “Sales prices are flattening, however, as buyers are finding it harder for deals to pencil out at the prices that sellers are seeking.”

Bogoyevac noted that still-low interest rates are keeping multi-family investors interested in the Long Beach market.

Moving forward, both Bogoyevac and Stepp expect rental rates to rise consistently under the new law. “In addition to ensuring consistent annual increases, we will start to see more inventory on the market from owners who are fatigued by the increase in regulation,” Stepp said. “There will be some interesting buying opportunities for savvy investors and those in markets that are accustomed to rent control, such as San Francisco, Santa Monica and Hollywood. Lenders are going to be concerned about the rent rollbacks, which will potentially tighten long-term values.” ■



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# Rents Slowly Rise Across Commercial Real Estate Sectors

■ By **BRANDON RICHARDSON**  
Senior Writer

Average rental rates continue to increase slowly across all of Long Beach's commercial real estate sectors, despite slight upticks in vacancy, according to local experts. For office and industrial space, average asking rents increased one cent in the third quarter over the previous quarter, while retail in the greater South Bay area increased 13 cents.

## Retail

"There's been a little bit of slowing in the [interest for] the spaces that we have available in Long Beach. So we've been calling [potential tenants] like crazy," Doug Shea, a partner with Centennial Advisers, said. "In Orange County, we've been seeing a surge of additional calls for our properties. So it's kind of strange in that regard."

Shea said that one reason for the perceived slowdown in Long Beach could be the diversity of its neighborhoods. He explained that asking rents vary greatly from neighborhood to neighborhood, noting that his listing of a recently renovated strip center at 3rd Street and Redondo Avenue is asking \$3.50 per square foot, while buildings three blocks away are

priced at a dollar or two less. The listed rent for one of Centennial's listings at the Los Altos MarketCenter near Lazy Acres was recently reduced by 25 cents per square foot, Shea added.

The vacancy rate of retail space in the Greater Los Angeles area increased from 5.6% to 5.7% quarter-over-quarter, as lease rates decreased 11 cents to \$2.78 per square foot, according to a third quarter report by CBRE. The amount of new retail space under construction increased from 1.52 million square feet in the second quarter to 1.87 million square feet in the third. Countering the regional trend, average asking rents in the South Bay increased from \$2.98 per square foot in the second quarter to \$3.11 in the third.

While the Greater Los Angeles area experienced a negative net absorption – more space becoming available than was leased – of 273,669 square feet in the third quarter, the South Bay market had a positive net absorption of 42,000 square feet. Year-to-date net absorption in the South Bay increased about 8,000 square feet to 103,026 square feet.

Shea noted that new product at Long Beach Exchange and the newly opened 2ND & PCH retail centers are slightly skewing the figures when it comes to average rental rates in the area. He explained



Raising Cane's celebrated the grand opening of its first Long Beach location on November 5 at 4500 E. Atherton St. The chicken finger eatery joins Starbucks, located across the parking lot, with a Jimmy John's sandwich shop on the way. (Photograph by Brandon Richardson)

that the high rents at these retail centers are countering the moderate decreases in rates for older product. But as the latest addition to Long Beach retail, both Shea and Catherine Morris, vice president of William Morris Commercial, think 2ND & PCH is going to be extremely success-

ful and a boost for the region's retail market.

Restaurants are doing particularly well in the retail market, Morris said. While numerous local restaurants have gone out of business over the last several

(Please Continue to Page 18)



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Hydrafacial and Traffic Tech have each pre-leased a building at the new Pacific Edge industrial development at 3600 Redondo Ave. The three-building development should be ready for occupancy by the first week of December, according Pacific Industrial co-founder Neil Mishurda, the developer of the project. Only one 111,752-square-foot building remains available. (Photograph by Brandon Richardson)

(Continued from Page 17)

years, there always seems to be another restaurant concept to take its place – known as a second-generation restaurant, Morris noted. “There are a lot of second-generation restaurants coming into the market,” she said. “[There are] more second gen opportunities now than there have been in the last five years.”

While restaurants and other experiential uses, such as fitness and service businesses, remain stable, Morris said that traditional retail continues to struggle, noting Forever 21’s recent filing for Chapter 11 bankruptcy and the forthcoming closure of 178 of its U.S. stores. In 2019, Gap announced the closure of 230 stores, Charlotte Russe 520 stores, GameStop up to 200 stores, Sears 175 stores, Kmart 160 stores, Bed Bath & Beyond 60 stores, Pier 1 Imports 57 stores, Party City 55 stores, Victoria’s Secret 53 stores – the list goes on. Payless ShoeSource also announced plans to close all 2,500 stores in one of the largest retail liquidations in history, according to Business Insider.

Many goods, such as clothing and household goods, can be ordered online from the comfort of home with no hassle and often at a cheaper price, Morris noted. A decline in the level of customer service is another reason for the decline in corporatized retail, she added.

To better understand the effects of e-commerce on brick-and-mortar stores, the Long Beach City Council recently requested city staff to prepare a report that includes information on “best practices and creative approaches” other cities are taking to navigate the evolving world of retail.

“Millennials shop completely differently. Gen Z shops differently. They go to vintage stores, they don’t want Gap, they don’t want anything remotely mainstream. [Brands] like Abercrombie & Fitch, all those groups are suffering. People want [something] unique,” Morris said. “Money is being spent on beauty and entertainment, experiences and food.”

## Office

The suburban office market continues to outperform the downtown market

in terms of vacancy rates, according to Shaun McCullough, a principal at Lee & Associates’ Long Beach office. “I think the hardest sector right now is really owner-user type opportunities – they are few and far between,” he said. “It’s unfortunate, too, because with rents so high . . . a [ten-year] lease analysis would probably push [companies] to buy . . . [and benefit from] low interest rates.”

The overall vacancy rate of office space in Long Beach increased from 15.2% in the second quarter to 16.8%, according to a third-quarter report released by Cushman & Wakefield. Vacancies in downtown increased by 0.2% to 19.5% quarter-over-quarter, while vacancies in the suburban market increased by 3.1% to 12%.

The increase in the suburban market is due in large part to the Port of Long Beach vacating its 176,860-square-foot interim offices at 4801 Airport Plaza Dr. following the completion of its downtown headquarters. Large move-outs by Epson America and Molina Healthcare in the suburban market over the next year may also have a dramatic impact on vacancy, McCullough noted.

“It’s going to be tough to find big boys to take each of those buildings. So we’ll have some decent-sized vacancy,” McCullough said. “Those are big blocks of space. That obviously affects us negatively in terms of negative absorption.”

Overall asking rents for all classes in the third quarter were flat, increasing only one cent from the second quarter to \$2.34 per square foot. Rents in the suburban market increased 2.1% per square foot to \$2.43 per square foot quarter-over-quarter, while the downtown market decreased two cents to \$2.39 per square foot. Significant leases during the third quarter included a new 46,593-square-foot lease by the California Department of Industrial Relations at 1500 Hughes Way and a 15,714-square-foot lease by Midnite Air Corp at 5001 Airport Plaza Dr.

The 10-story, 134,773-square-foot office building at 401 E. Ocean Blvd. in Downtown Long Beach is currently on the market for \$32 million. The property is listed as a “residential/hospitality tower” conversion opportunity. If converted, it would join a string of office buildings being taken off the market for residential or hotel use.

er” conversion opportunity. If converted, it would join a string of office buildings being taken off the market for residential or hotel use.

“It’s positive in that we do need more residential and they’re taking underutilized buildings that unfortunately haven’t been successful enough for the owner to keep them as an office building,” Sheva Hosseinzadeh, an associate vice president with Coldwell Banker Commercial BLAIR WESTMAC, said. “But what we don’t know is if by taking office space off the market, are we taking away the possibility of bringing a large-box office operator?”

The office market historically lags behind other commercial real estate sectors, Hosseinzadeh said, noting that it never quite catches up to retail, industrial or multi-family following a recession.

“One of the issues with the office market is the lack of improvements . . . that the owners are willing to invest in their properties. They’ve had a lot of success with One World Trade Center because they’ve completely renovated the property – it costs money and it costs time,” Hosseinzadeh said. “Owners need to get proactive and be creative in thinking of ways that they can convert their space so that it’s going to meet the needs of the tenants that are looking in our market today.”

## Industrial

The Long Beach and South Bay industrial real estate markets continue to face historically high average rental rates and historically low vacancy rates, even after a slight uptick in vacancies. “As a result, we’re seeing higher renewal rates with existing customers, and I think that is consistent across the board within the South Bay and Long Beach,” Lance Ryan, executive vice president and chief operating officer for Watson Land Company, said. “The net result of that is there’s even less space coming available, so there’s just not a lot of turnover. And looking into 2020, we’re predicting the same thing.”

Due to the introduction of newly constructed buildings into the market, most

of which are in Long Beach, vacancy rates for Los Angeles and Long Beach industrial space increased 0.2% to 1.4% in the third quarter from the previous quarter, according to a report by Lee & Associates. More than two million square feet of industrial space is under construction in the area, according to the report. Average asking rents increased one cent quarter-over-quarter to \$1.09 per square foot. Average sales prices continue to decrease from their 2018 peak, falling from \$227.67 per square foot in the second quarter to \$208.01 per square foot in the third. The total dollar value of industrial sales transactions also decreased by about \$43 million quarter-over-quarter to \$269.12 million.

“It’s been strong and steady,” Bill Townsend, president of INCO Commercial, said. “It seems like we’re going to have a strong finish in 2019. Interest rates are favorable and there’s still lots of activity in the marketplace.”

With no sign of declining demand, Townsend said he expects asking rents to continue to increase, but at a much slower rate than in the last several years. Two new projects coming onto the market in the coming months – the three-building Pacific Edge and four-building Pacific Pointe Northwest developments – could impact average asking rent, Townsend said, noting that brand new, Class A space is more expensive than older product. However, he added that since some of the new product has been pre-leased, he does not expect new product to have much of an impact on vacancy rates.

“On a macro basis, the South Bay market is driven by imports. The dominant [industrial real estate] customer base is utilizing the port for importing primarily from the Asian markets and the manufacturing markets there,” Ryan noted. “We’ve talked to a lot of our customer base . . . and there are definitely concerns. The longer these tariffs remain out there and unresolved it creates uncertainty, and uncertainty will definitely have an impact on capital investment and, ultimately, demand.” ■



During the week leading up to Veterans Day and on the holiday itself, VA Hospital Long Beach patients and staff signed a steel beam that is now part of the organization’s new mental health outpatient facility, which is under construction. The beam was placed on November 12 and was the final piece of the steel structure. (Photograph by Brandon Richardson)



# Building A Better Long Beach: 5N° Residential Development To Bring 24-Hour Dining To The Streets



5N° is a 20-unit mixed-used development at The Streets in Downtown Long Beach. Shooshani Developers Managing Member Tony Shooshani, pictured at the project located at 495 The Promenade North, said negotiations are underway for a 24-hour eatery on the ground floor. (Photograph by Brandon Richardson)

■ By **BRANDON RICHARDSON**  
Senior Writer

The 5N° development is bringing 20 residential units to The Streets, a 350,000-square-foot urban retail hub complete with shopping, dining, service and living uses. The residential project also includes plans for a 24-hour eatery on the ground floor, according to developer Tony Shooshani.

“My community involvement allows me to get feedback from [residents about] what their needs are and what they’re looking for,” Tony Shooshani, managing member of Shooshani Developers, LLC, owner of The Streets, told the Business Journal. “We listen to the community. People like 24-hour-a-day food.” Shooshani is the past chair of the Downtown Long Beach Alliance, the nonprofit overseeing downtown’s business improvement districts.

Initially announced as The Place at The Streets, the four-story mixed-use

project is located at 495 The Promenade North. Shooshani said he cannot announce any details related to the 24-hour dining establishment other than the fact that negotiations are underway for the single tenant to occupy all 5,000 square feet of the building’s ground floor retail space. Floors two through four of the project will include four one-bedroom and 15 two-bedroom apartments, as well as one three-bedroom apartment. Units will range in size from 841 square feet to 1,762 square feet. All 5N° units will be priced at market rate, though final pricing has not yet been announced.

“This has been a great place for us to be invested in. We’ve seen retailers evolve and retail has changed. We have to change with the times,” Shooshani said. “It’s created an opportunity for us to look at how to change the structure of the center and how to take it more vertical. We have to bring in other services and uses, and residential . . . is

the mix that we are going into – hence 5N°.”

The Streets, known as City Place until late 2017, was purchased by Shooshani Developers in 2005. The re-vamping and rebranding of the center, which spans the six blocks from 3rd to 6th streets and Pine Avenue to Long Beach Boulevard, was catalyzed by Retail Design Collaborative and Studio One Eleven moving into a former Nordstrom Rack location in late 2016, and has since brought in a slew of retail and restaurant options for the future residents of 5N°. Planning for the residential development began in late 2016, followed by a groundbreaking in May 2018. Shooshani said he is anticipating 5N° to be completed in mid-2020.

To continue the evolution of The Streets, Shooshani said his firm is in the process of creating a master plan. He explained that future developments will be built for specific tenants, rather than constructing or renovating a space on speculation that could end up sitting vacant for months. Shooshani noted that he has approached multiple national grocery chains about coming to

The Streets, which would further serve future 5N° residents. He noted that Walmart still has years remaining on its lease for the now-vacant space across the street from the apartment building. Shooshani added that his company is attempting to work with Walmart to re-lease the space for development.

According to Shooshani, additional retail, as well as student and market rate housing, may be built by other developers, with his company acting as the master planner.

Since investing in The Streets, Shooshani has moved to Long Beach and purchased a home. “Long Beach has changed my culture. I wear T-shirts and sneakers around – I used to be [in] a suit. I love Long Beach. I love the people. We’re oceanfront, we’re urban and we have all the services that any major metropolitan city . . . would love to have,” he said. “That’s why I invested here and continue to invest here. We’re called ‘The Streets’ because we’re part of the fabric of the downtown – we are part of the grid. I don’t call it a rebirth of a downtown; I call it the creation of a new downtown.” ■

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## Bullish On Long Beach Real Estate: Waterford Property Company

■ By **MICHAEL GOUGIS**  
Contributing Writer

On paper, One World Trade Center looked . . . challenging. Nearly half the building was unoccupied, the configuration was outdated, and the list of what needed fixing included nearly everything.

This did not deter Sean Rawson and John Drachman. A pair of younger entrepreneurs, drawn to the evolving energy of Long Beach and particularly the downtown area of the city, they saw opportunity. “Everything was effectively wrong with that building. Our job wasn’t just to fix it, but to modernize it,” Drachman said.

Their firm, Waterford Property Company, stumped up \$105.8 million and staked their claim on revitalizing one of the city’s most iconic buildings. Today, after millions of dollars in renovations, the building has an occupancy rate of more than 80%.

Waterford’s experience with One World Trade Center demonstrates the company’s philosophy for investing and renovating properties, both commercial and residential, in Long Beach. With the city’s environment and atmosphere appealing to Drachman and Rawson on a personal level, they believed that the city was well-positioned to serve the emerging young professional market and the companies that employ them, as well as providing that demographic with a desirable place to live.

And they have backed that belief over the past four years with nearly \$200 million in real estate acquisitions, buttressed by \$57 million in construction spending on those projects. Other than the Goodman Group, which purchased the former Boeing C-17 manufacturing plant property, and Sares-Regis Group, which developed Douglas Park and has multiple apartment buildings in the works, no other developer has been more active in acquiring and renovating real estate in Long Beach.

“We have been doing heavy renova-

tions on all of our projects. For the city to continue to grow, part of what [is needed is] quality real estate. People want to live in quality spaces and work in quality projects,” Drachman says.

Rawson and Drachman have known each other for years, and back in 2014 shared an office space in Irvine. Drachman’s background is in commercial, Rawson’s in residential. When they started talking about working together, Long Beach kept coming up. Rawson has lived in Belmont Heights for years, liked what he saw happening, and saw how the city fit into a bigger picture.

“You have a large city with a coastal proximity that is unique, [and] that sits between two extremely large economic centers. When you look at it from a regional point of view . . . we really liked what we saw,” Rawson says.

Societal shifts driving changes in the marketplace were making the commercial and residential segments in Long Beach more and more attractive, Drachman says. “There’s very positive job growth in the city. The demographics are improving because you have a Millennial generation that is gravitating toward urban coastal areas,” he says. “There’s a generation of people who want to be in a more urban coastal area. They don’t want a long commute, they care about the quality of life. And Long Beach had a large supply of office space. It still does. The one area that has not come back as strongly is the office vacancy rate.”

Indeed, while industrial, retail and residential all started a strong recovery about five to eight years back, the commercial sector lagged. Why? Drachman’s theory is simple: Commercial properties have not been revamped and modernized to meet the needs of current businesses and their employees. For example, the revamped One World Trade Center has a daycare facility and audio-visual (AV) conference rooms that are available for tenant use. These are de rigueur for modern business operations, and providing common space for AV conferencing, for example, is a selling point to tenants.



The co-founders of Waterford Property Company, Sean Rawson and John Drachman, are pictured in front of the World Trade Center in Long Beach. Their firm purchased the office building for \$105.8 million, and subsequently invested millions of dollars in renovations. (Photograph by Brandon Richardson)

“You have to continue to invest in your properties,” he says. “When you don’t, you are not offering the space that tenants want. You’re not creating a space where tenants want to be.”

Alongside the acquisition and development of commercial property, Waterford has taken the same approach to residential properties. Almost concurrent with the acquisition of One World Trade Center came the purchase of a 60-unit Alamitos Beach multi-family property. To date, the company now owns 19 apartment buildings with 386 units, which represent nearly \$90 million in acquisition cost, with a focus on market rate workforce housing.

Why? The people who are coming to work in the modernized commercial sector need someplace to live. Offering the same level of modern features that appeal to them in the workplace has helped attract them to living spaces in the city. “We have two separate and distinct business lines, but there is a synergy,” Rawson says.

Rawson and Drachman see a long-

term future in Long Beach. Entrepreneurs in their 30s and 40s, they are generational contemporaries with Mayor Robert Garcia, whom they cite as someone whose vision of the city aligns with theirs. And it’s not just Long Beach. That societal shift, of younger professionals moving to urban cores with access to the coast, is one that they see continuing for the foreseeable future. And they want to be part of it.

Long Beach has its challenges. Ingress into and egress from the downtown area via the 710 Freeway can be improved, and homelessness and affordable housing issues need to be addressed across Southern California, they say.

And Long Beach still represents unrealized potential for those who are willing to bring it into the next decade and beyond, they agree.

“I believe that in the marketplace right now, if you build it, create the right environment for the tenants, they will come,” Drachman says. ■

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# Realty Views: Cost Burdened Renters Put Damper On Real Estate

■ Perspective by **TERRY ROSS**

With any type of residential real estate, the ability of renters or owners to afford where they live is one of the most important factors in a healthy market. In the beginning, most residents start out as renters, then save enough to make a purchase and graduate to home ownership.

The problem of affordability for home ownership in California has been well documented. So has the issue of affordability in rental housing. More recently, the state legislature and the governor ram-rodged a bill into law that establishes a statewide rent control regulation that will neither increase affordability nor provide more housing.

The bill will cap rent increases on certain classes of apartments to 5% a year; and many landlords fully intend to do this every year because they have lost control of the ability to increase rents at their own pace based on true market value. Also, this bill essentially eliminates the incentive to keep properties fully maintained and to fund improvements, not to mention it guts the incentive to purchase many properties that fall under the rent control. In cities like Los Angeles and New York, it is not hard to see that the results of rent control is a massive failure.

The real root of the problem for both rental dwellers and aspiring homeowners can be found in a study, released by The Apartment List data analytics firm, that looked at rents from around the country and came to the conclusion that half of the U.S. renter households are cost burdened –meaning that they are spending more than the 30% of their income on rent, leaving little to cover necessary expenses or to save for a down payment on a purchase.

For homebuilders and those trying to sell real estate, this equates to fewer renters able to graduate to purchasing their own home. In the study, which used statistics comparing median rental rates with income, it was found that renters wanting a two-bedroom apartment are cost burdened in 25 major markets across the U.S. – and 12 of those are in California.

San Francisco is the worst, with the average renter needing to earn almost an additional \$25,000 a year to meet the 30% mark for rent, which averages \$3,096 for a two-bedroom unit in that city. Long Beach is eighth on the list, with the average renter needing to make an additional \$10,000-plus to reach this goal. Los Angeles is sixth, with renters needing almost \$14,000 in additional income.

Among the problems that high rents

create for all residents is rising homelessness, less economic activity for businesses in general and fewer essential workers who can afford to live near work, thereby impacting roads and highways with more traffic.

Experts point to the state's low vacancy rate for rental units of 4.2%, and the healthy optimal rate of 5.5% that should lead to a moderating of rents. The solution is plain: more multi-family construction on the low- and moderate-income side. Most new rental construction is centered around luxury units, since this is where the greatest profits are.

It doesn't look like there is going to be a quick solution, however. Progress has been slow, according to the Apartment List, which predicted that the peak years for apartment construction won't be until 2022-23.

During a recent Southern California Association of Governments (SCAG) presentation in Indian Wells, some of the causes for the housing crisis given were: the onerous permitting process; lack of funding for developers, builders and cities; construction costs; and the high cost of land. This agency covers 191 cities and six counties, 18.9 million people and represents the sixteenth largest economy in the world. The geographic area studied

includes Ventura, Los Angeles, Orange, San Bernardino, Riverside and Imperial counties. The organization is working on a regional housing needs assessment and developing solutions such as affordable housing overlays, area specific plans, smaller lot development, streamlining local permitting processes and working with communities to connect their shared goals.

SCAG's Housing and Land Use Planner Ma'Ayn Johnson pointed out at the presentation that the some of the costs of not addressing this problem will be more overcrowding, health and safety issues, as well as out-migration of talent in the region and economic impacts like the relocation of Toyota's North American headquarters to Texas, that resulted in a loss of thousands of jobs and tens of millions in state and local tax revenue.

It most likely will take a combination of wage growth and more multi-family housing to bring rent in California more in line with the desired ratios so that people can thrive and eventually afford to be homeowners.

*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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Blair Cohn, executive director of the Bixby Knolls Business Improvement Association, and 8th District Councilmember Al Austin agree: the sense of community is one of the district's biggest assets. (Photograph by Brandon Richardson)

## BID Initiatives

(Continued from Page 1)

ling a nationwide recession with global ripple effects would have been a stretch, but increasing engagement between local businesses and the community: that seemed possible.

So Cohn started to get creative. Small Business Saturdays, turntable nights, neighborhood bike rides; he knew that to get people into local businesses, he had to get them out of the house first. "There was such a disconnect back when I started," Cohn remembers. "That's why we have the walking clubs, the [activities] that would bring attention to the neighborhood, to draw them into the corridors."

To let local business owners tell it, the strategy worked. "For any business, you need visibility. It's not just word-of-mouth, it's not just Yelp," Starr Scott, owner of Five Starr Pilates & Fitness on the corner of Long Beach Boulevard and Bixby Road, told the Business Journal. Scott mentioned the monthly beer trolley, which takes passengers to the neighborhood's various breweries safely and free of cost, as an example of the BID's successful efforts to engage the community with local businesses.

Knowing that trolley riders may not be ready to don their workout gear right

away, Scott added a box with postcards detailing her studio's services to her storefront. After tracking the different referral methods that brought clients to her shop for a while, Scott said she saw many new customers come in after picking up a postcard outside, some of whom likely came to the neighborhood as a result of the various activities offered by the association. "Any kind of activity on the corner here is good," Scott said.

Business owners across the neighborhood agreed that the activities that have become a hallmark of the association's work have helped spur economic growth in the district. "The events they put on definitely get the neighborhood out and bring people into the businesses," Aaron Hovis, owner of GoFETCH Dog Daycare and Training on Long Beach Boulevard and member of the association's board, said. "Blair's hard work, I believe, has absolutely made a difference here," he added.

Seventh District Councilmember Roberto Uranga, whose district includes part of the association's territory, was equally full of praise for the work Cohn and his team have done in the community. "Blair has been a godsend for the Bixby Knolls business district because of his ability to bring businesses together [and] work together to create a business district that's vibrant, dynamic and a place where people want to come,

walk and dine," Uranga said. "His ideas, like First Fridays and Concerts in the Park(ing lot), are innovative and different. That really has opened up this area for a lot of people to want to come and visit Bixby Knolls."

Coming up with great ideas is one thing, seeing them through and keeping them going is another. That's where the association's work has really shown its commitment to serving the neighborhood, 8th District Councilmember Al Austin noted. "What I appreciate the most, and what I credit our business improvement district with the most, is their efforts have been consistent," Austin said. "Consistent in terms of branding, consistent in terms of service to our local businesses, which has made all the difference."

That consistent support has earned Cohn and his small team a glowing reputation among many of the neighborhood's small business owners. "We are in a great business district," Crystal Rogers, owner of Lucy's Boudoir, said. "We have a lot of support from Blair and the business improvement office, and that's just very empowering for the small businesses around here."

When Rogers wanted to add new signage to her store, Cohn connected her to a local printer just around the corner, fostering a connection between the two businesses as a result. "Having

a business association, it gives meaning to these small businesses that are just grinding it out every day," Rogers said. "I've done collaborations with so many stores, and that's given much more exposure to my business, but it's also connected our clientele." When she hosts a pop-up sales event at another neighborhood business, her regular customers are exposed to their offerings, and vice versa, Rogers explained.

Trent Bryson, CEO of Bryson Financial, said he's seen the significant impact of the association's work since he moved his business from Downtown Long Beach to Bixby Knolls in 2013. "We've been here six years, and the improvement has been pretty dramatic," Bryson said. "We came to a neighborhood that was a little bit desolate and pretty quiet, and what Blair and his team have done is basically revive the neighborhood. It's been really awesome for us." Ample parking, clean streets and the neighborhood's central location have made his business more competitive in the hunt for both talent and clients, Bryson noted.

Aside from keeping the streets of Bixby Knolls clean and safe, bringing new businesses to the neighborhood is another important task for Cohn and his team. "We know that this corridor has a lot of opportunity and a lot to offer, not just for patrons, but for business owners





Seventh District Councilmember Roberto Uranga said Executive Director Blair Cohn has been a “godsend” for the Bixby Knolls business improvement district. (Photograph by Brandon Richardson)

as well,” Uranga said. Bringing the right kinds of businesses to the neighborhood can be a challenging task, but one Cohn takes seriously.

“We’re rich in beer and ramen, no doubt about that. And I think we’ve hit the saturation there,” he noted. “This is not a dense neighborhood and we need to have variety.” To achieve that variety and ensure that residents and visitors have access to as many different cuisines, services, entertainment and shopping options as possible, Cohn said he works closely with property owners and

brokers.

There are several new businesses in the district with plans to open their doors in the next few weeks, he noted. Cassidy’s Corner, a bagel and sandwich shop, is one of them, and the health-focused eatery Mixx Kitchen recently welcomed its first customers on Atlantic Avenue. Local hamburger chain Burger-IM just signed a lease for a new Bixby Knolls location, Cohn said.

Rich with dining options, the district is a competitive space for new businesses, Austin noted. “If you’re going

to bring a business to Bixby Knolls, if you’re going to invest in this area of the city, just understand that there’s a level of quality that we’re looking for and that the residents of this community expect,” Austin said. “We have high standards here, high expectations, and if you don’t bring your A game, you may not succeed.” For businesses who are ready to invest in the neighborhood and engage with the association and its members, the councilmember pointed out, the rewards are worth the investment. “The businesses that are engaged tend to do

well,” he said.

Between supporting local business owners, bringing new ventures to the neighborhood and organizing events to engage the community, Cohn said there’s never a dull moment at the association’s office at 4321 Atlantic Ave. “We always have five, six, seven plates in the air, spinning all the time,” he said. But the years of hard work have paid off, Cohn noted. “There’s so much more neighborhood pride and people are so much more engaged with the business corridors.” ■



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# The Future Of Business In Bixby Knolls Depends On New Funding Streams

■ By **SAMANTHA MEHLINGER**  
Editor

Blair Cohn, executive director of the Bixby Knolls Business Improvement Association (BKBIA), is keeping his eye trained on what he refers to as a “flashing red light” in the distance – the 2021 sunset of an annual payment of \$200,000 to the BKBIA from Long Beach’s former redevelopment agency (RDA). The organization oversees the business improvement district that encompasses the business corridors of Long Beach Boulevard and Atlantic Avenue in Bixby Knolls, and assesses an annual fee on businesses there to pay for marketing, events, security and other programs beyond those provided by the city. From these fees, the

organization brings in about \$180,000 each year.

In other words, when the RDA funds run out, more than half the organization’s funding will dry up. And for a lean operation staffed by just two full-time people and two part-timers, that spells trouble.

To get ahead of the issue, the Long Beach Economic Development Department paid for an independent study to assess the state of the district and provide strategic planning priorities, with a focus on future funding sources. That report, authored by Denver-based Progressive Urban Management Associations (PUMA), has been completed and was summarized in a meeting with BKBIA members on November 14.

Ahead of the meeting, PUMA President Brad Segal spoke to the Business Journal about the report’s findings. He noted that his organization specializes in working with business improvement districts, including more than 30 in California alone. Among their previous clients is the Downtown Long Beach Alliance.

Segal said he began working with the city and with Cohn over the summer, and that he and his team visited Bixby Knolls for several days in mid-September to meet with around 70 BKBIA stakeholders.

“There were five key findings. One is we do find that it’s a high functioning organization . . . and this is from the perspective of its stakeholders,” Segal said. “There is a high level of

satisfaction in terms of what the organization does: its scope, its leadership, the level of engagement, the programming.”

The second conclusion from the meetings was that there is positive momentum within the district. “The market profile reveals a pretty diverse district in terms of racial diversity, age diversity and income diversity, which to us is really positive. It provides some real opportunities to enrich the district with a whole variety of businesses,” Segal said.

“Conclusion number three is there is general agreement on priorities. We didn’t see a lot of variance from the stakeholder groups,” Segal said. Priorities moving forward, per the stakeholders, are: that the BKBIA contin-



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ue its regular programs and services, including business retention; improving the pedestrian environment on Atlantic Avenue, perhaps with traffic calming measures; and continuing and refining BKBIA events like First Fridays.

The study's fourth conclusion was that additional funding and staffing resources for the BKBIA are needed. "It's not only replacing the city funding that's at risk, we think some additional funding might make sense too," Segal said. "We're looking at a target of about \$600,000 that we think would be an ideal operating budget for them."

One potential new revenue source is a nonprofit 501(c)(3) organization recently formed by the BKBIA to supplement its funding. Segal said that mature business improvement districts often create nonprofits to raise funds for capital improvements via grants and donations. He specified that this revenue stream would likely be unsuited to fund general operations.

PUMA studied a potentially significant change to the district that could generate additional funding: reconfiguring the fee structure of the district itself by overlaying an additional property-based improvement district (PBID) over either both Long Beach Boulevard and Atlantic Avenue, or just a portion of Atlantic Avenue. Currently, the BKBIA only assesses businesses.

Assessing property owners per square foot of property could be more lucrative, bringing in an annual revenue stream of \$550,000 to \$670,000, depending on the configuration, according to Segal.

"We're anticipating a two-tier PBID with two rates," Segal said, explaining that areas of the PBID with more funding to spare would be assessed at higher rates. "One thing we're trying to do in all of this is to be very sensitive to the rent structures. We want to make sure we don't create a district that puts undue burden on the real estate," he noted, explaining that if fees are too high, the cost could impact business owners if it is passed down via rent increases.

Parking meters were examined as another potential revenue stream, but Segal said that option did not seem viable. "There were a couple of problems with it. One is there was plentiful on-street parking, so I am dubious that there is demand for on-street paid parking in Bixby Knolls," he explained. The idea also did not sit well with residents worried about cars parking in front of their homes to access the business corridor, he noted.

The report's fifth finding involves the city government. "We're not letting the city off the hook in this report," Segal said. "Future partner-

ships with the city are essential for the district."

Without pursuing alternative funding sources to make up for the loss of RDA funds and to account for cost increases, Cohn worries for the district's future. "It's like dominos falling. We won't really have the funds for part-time staff and the director job," he said. "Programming will start to slow down. We won't have the security patrols. . . . They may just be on

an on-call basis."

Outside of funding, Cohn has other challenges to contend with. "Long Beach Exchange makes me nervous, obviously," he said, referring to a retail center located a couple of miles down Carson Street. "And what are the other challenges? I am worried about the state of retail as a whole. You and I could right now get on the computer and order everything for Christmas, Hanukkah, Valentine's Day, anniver-

saries, birthdays, for everybody for the next year. That would be done in one hour and we'd never have to go anywhere," he said.

Cohn continued, "We have to drive the point home that we are majority mom-and-pops. We have folks who have great services for you right here [who] have been in business a long time. There is no need to go anywhere else. But you have to participate." ■

## Navigating a Business Loan: Know the Five C's of Credit

As a consumer, it's easy to understand the importance of an excellent credit score should you wish to obtain a loan. As a business owner, however, navigating the world of credit and lending can be much more extensive. In business, especially in a privately-held or family-owned business where the owner or owners are filling many roles, a close, working relationship with a local bank can be essential to a business' long-term success.

"Even if you don't have a great borrowing need now, it's still a good idea to establish a solid working relationship with a trusted bank," explained Maria Hunter, First Bank's Relationship Manager. "In doing so, you will have already established some good will with the bank, allowing the banker to gain general knowledge of your business. Plus, you'll already have a proven track record with your bank before ever even applying for a loan."

**Applying for the Loan.** The process of applying for a business loan starts before ever entering the bank. Bob Sullivan, First Bank's tenured Senior Regional Credit Officer, commented that it's essential to work with a reputable Certified Public Accountant (CPA) to help you prepare accurate, current financial information. To help ensure a successful lending meeting, gather the following information to bring:

- Three Years CPA-Prepared Financial Statements.
- Interim Financial Statement (F/S) within 60 Days.
- A/R and A/P Agings to match interim F/S.
- Business Debt Schedule and Projections.
- Business History, Industry Background, and Management Resume(s).
- Personal Financial Statement for each owner with greater than 20% ownership.
- Personal Tax Returns for the last three years.

"Remember, the more accurate and complete information you bring to the lender," Sullivan said, "the higher probability you and your business will be considered creditworthy and have access to the funds it needs." Many borrowers may not realize that most reputable lenders use standards in which to prudently evaluate potential borrowers. They're considered the "Five C's of Credit," including Capacity, Collateral, Character, Capital, and Conditions.

**Capacity**—Your capacity to re-pay the loan is an extremely important part of the five "C's". In fact, Sullivan said, "A company's sustainable, identifiable cash-flow is the most important part of the five C's in credit." In an effort to manage their own business risks, a bank's credit department will need to verify the creditworthiness of the business owner or owners. "As the saying goes," said Hunter, "Cash flow is king. That same holds true for borrowing. The bank wants to know if the business has the proven ability to re-pay the terms of the loan with proper cash flow."

**Collateral**—Collateral is defined by Merriam-Webster as a property (such as

securities) pledged by a borrower to protect the interests of the lender. Collateral is considered the secondary source of repayment on a loan. Meaning, this is how banks will get paid if the main source of repayment, or the capacity, becomes inadequate.

**Character**—Character is one of the most important aspects of the five C's of credit to family-owned and privately-held businesses. "Character is key for family-owned and privately-held businesses," explained Hunter. "This is because of the multi-generational nature of family-owned businesses. They want to uphold the values that were passed down to them or that they'll hand over to the next generation. The owners are essentially the people behind the business."

Sullivan explained, "At First Bank, we'll go the extra mile to ensure we understand the numbers and the character of the people behind the numbers. To further support family-owned and privately-held businesses, we approach our lending with a long-term relationship mindset and not just as a single transaction." Hunter added, "Having a working relationship established with a commercial loan officer that has the experience within their organization to advocate for you can have a large impact."

**Capital**—Capital, or one's assets, is considered a representation of the credit worthiness of the borrower. Capital is a form of equity investment into the company. "Again, lenders want to know that the borrower has some "skin in the game" and is committed to the long-term success of the business," said Hunter. "Banks are not angel investors in a business, but rather long-term partners."

**Conditions**—The conditions of the economy and competitive landscape are also part of the equation. Banks take into consideration any outside support as well as the volatility and profitability of the industry. "In the past, I've had prospective borrowers unable to continue their business due to the impact of federal regulations and labeling standards set forth to their specific industry at that time," she said. "What's going on within a prospective borrowers' industry is also part of the consideration for lending."

It's important to stay in contact with your banker, keep him or her informed of any changes to your situation, and, of course, to remain honest and upfront. With First Bank's flat structuring and localized decision-making, rest assured you'll not only receive prompt service but also direct access to the ones making the decisions. As always, First Bank's team of trusted advisors is available to help guide you through the lending process.



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(Continued from Page 1)

learned about it in early November, when my friend sent me a link to purchase a bubble gum-colored t-shirt emblazoned with the phrase “OK, Boomer” in lavender, Lisa Frank-style lettering.

Having been immersed in the local news cycle rather than the national one for the past week, I had no idea what I was looking at. I was bemused to discover, like most people my age, that the source of the phrase was a meme that had become popularized overnight when Myrna Swarbrick, a 25-year old legislator in New Zealand, used it to silence a fellow lawmaker who was interrupting her remarks about climate change.

If you haven’t caught on, “OK Boomer” is a catch-all insult meant to dismiss criticisms or remarks made by Baby Boomers. Wikipedia says it is “a pejorative retort used to dismiss or mock perceived narrow-minded, outdated, negatively-judgmental, or condescending attitudes of older people, particularly Baby Boomers.”

Swarbrick’s moment went viral, causing the phrase to gain swift popularity among Millennials and attract ire from the elder set, who view it as ageist. The top executive for AARP, for example, tweeted, as a retort, “OK Millennials, but we’re the people that actually have the money.” Ouch. Thanks for reminding us that Boomers weren’t saddled with student loan debt during a massive recession and as a result earned higher incomes earlier than

we have been able to, and, and, and. . .

Personally, I find it a bit amusing, but mostly lazy, as far as insults go. Seems like, if you want to comment on an older person’s attitudes about something you’re passionate about, or about something they have decided to attack you for, you’d be better served by making a fact-based intellectual argument. But I am also an English major and a journalist, so maybe I’m just a nerd about argumentative methodologies. (Can you see me pushing my glasses up my nose?)

Now I’d like to move on to the actual noteworthy news to come out about our generation in recent weeks.

A report by Moody’s Analytics for BlueCross/BlueShield, “The Health of America,” released on November 6, largely focuses on the health of the Millennial generation – and it includes some disturbing findings. Among them: Millennials’ health is declining faster than that of the previous generation, Generation X, as they age. “Health” here includes both physical and mental health, the study noted. As a result, “Without intervention, Millennials could feasibly see mortality rates climb up by more than 40% compared to Gen-Xers at the same age.”

Could this explain why, at age 31, I woke up on a foggy morning on November 13 to find that every single one of my joints was hurting? I’ve always joked that I was prematurely aging, but maybe I am not alone! I’m tempted, for a moment, to

rejoice. That is, until I consider the facts.

If our projected mortality rates weren’t enough to make me nervous, there’s this: the projected greater demand for health care would, “under the most adverse scenario,” cause Millennials’ treatment costs to spike 33% higher than those of Gen X at a comparable age, per the report.

As a result of poorer health, Millennials could be kept from contributing to the economy to their fullest potential, resulting both in higher unemployment rates and lower income growth. “Under the most adverse set of projections, lower levels of health alone could cost Millennials more than \$4,500 per year in real per-capita income compared to similarly aged Gen Xers,” the report states. Areas already struggling with income inequality would likely be hit harder.

Of the top five health issues experienced by Millennials, the highest incidence rate is major depression at 31%, based on data sourced from Moody’s and Blue Cross/Blue Shield. On that note, I would make this observation: this is of importance not just to Millennial individuals, but to the businesses employing them. If you want a reliable workforce going forward, it is important to consider how the workplace can foster a healthier existence for employees. Millennials make up the largest share of the workforce – you have to pay attention to our needs in order to meet yours.

Moving on from health, another report

about Millennials got some attention in recent days. On November 11, BuzzFeed News published an analysis of 2016 U.S. Census Bureau data that found that 1.4 million Millennials supported their parents during that year. According to BuzzFeed, the figure was “indistinguishable” from the number of Baby Boomers who reported supporting their adult children in 2016.

The significance of this data is that it busts a myth that Millennials are lazy leeches living in their parents’ basements – rather, just as many contribute to their parents’ wellbeing as the other way around. To add on to that picture, if you are having a hard time believing one source:

- In 2018, an AARP report found that 6.2 million Millennials were serving as caregivers to a parent, in-law or grandparent. AARP reported that 1 in 4 caregivers are Millennials.

- A Wall Street Journal report from the same time period found that such Millennials may be spending as much as 27% more on caregiving than other generations.

So, fine, we might aggravate you over our politics or lifestyle choices, and sure, we might retort with OK, Boomer, but guess what? We’re also going to take care of you. And we’ll probably be lucky to have enough money left over for our more expensive health care as our faster-aging bodies begin to fail us.

I hope you can take your arguments with a side of guilt trip. ■

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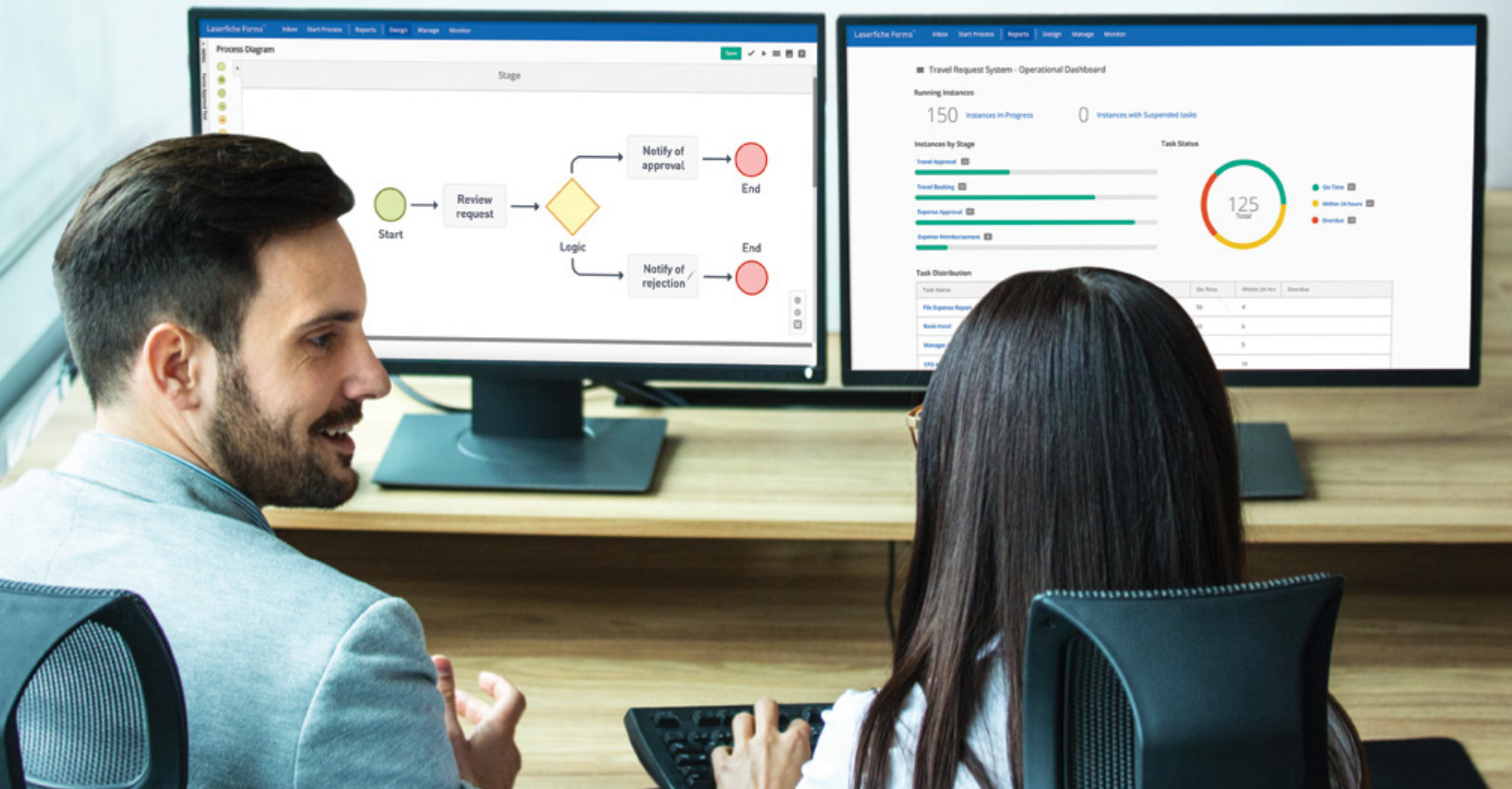
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# Driving Enterprise Growth Worldwide

Laserfiche is innovating with cloud, machine learning and artificial intelligence at its Bixby Knolls headquarters. Gain new insights into your organization's performance, improve your customers' experience and optimize operations with the process-automating enterprise content management platform that's driving growth in organizations around the globe.

Learn more at [laserfiche.com](https://laserfiche.com)



An aerial photograph of Long Beach, California, showing the city, the port, and the surrounding mountains. The port is a large area of water with many ships and piers. The city is a dense urban area with many buildings. The mountains in the background are covered in snow.

# Long Beach's Global Gateway

The Port connects our city to 217 seaports around the world, moving \$200 billion in cargo each year to every corner of the U.S. and beyond. All with unmatched customer service.



Port of  
**LONG BEACH**  
*The Green Port*