


Date: February 5, 2025

To: Thomas B. Modica, City Manager 

From: Bo Martinez, Director of Economic Development 

For: Mayor and Members of the City Council

Subject: **Demolition of City-Owned Property: 1858 Atlantic Avenue (Site 1), 620-638 South Street/5705-5723 Lime Avenue (Site 2), and 5641-5649 Atlantic Avenue (Site 3)**

The City is currently fee owner of 1858 Atlantic Avenue, 620-638 South Street/5705-5723 Lime Avenue and 5641-5649 Atlantic Avenue (Subject Properties). The Subject Properties have been declared as surplus, and Notices of Availability have been issued to the required entities, as required by the Surplus Land Act. While the City works through the disposition process, maintenance of the Subject Properties has experienced some challenges, as two of the Subject Properties have received Notices of Substandard Building, prompting evaluation for demolition. The third of the Subject Properties is considered an assemblage opportunity to spur enhanced development for the area. Evaluation of the existing conditions, maintenance costs, and potential development have been completed, resulting in the Subject Properties being prepared for demolition.

**Site 1: 1858 Atlantic Avenue (Council District 6)**

The property located at 1858 Atlantic Avenue measures approximately 14,663 square feet and is improved with a 4,800 square foot vacant building, side yard, and an adjacent parking lot. The property was originally purchased and owned by the City's Refuse Fund to be used as a recycling education center but was subsequently purchased by the City's General Fund and leased to Centro C.H.A., Inc., pursuant to a lease for the development and operation of a Workforce Development Center. Rising labor and construction costs made the development of the project cost-prohibitive resulting in the termination of the lease and cancellation of escrow. The City was in the process of evaluating the potential reuse of the property when the structure experienced a second-alarm fire on July 8, 2024, damaging the structure beyond repair. The Building and Safety Bureau issued a Notice of Substandard Building, deeming the building unsafe to occupy.

**Site 2: 620-638 South Street / 5705-5723 Lime Avenue (Council District 8)**

The property located at 620-638 South Street and adjoining parcels at 5705-5723 Lime Avenue measures approximately 29,375 square feet and includes a multi-tenant commercial building and vacant land. In December 2017, the property, along with several other parcels along Atlantic Avenue, were sold to the LAB, Inc. (LAB), as part of the dissolution of the former redevelopment agency, with the intent to create a strong Village Center consistent with the vision and intent of the North Long Beach Redevelopment Project Area and its guiding documents. The LAB pursued renovations to the building; however, delays and challenges hampered any significant progress.

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Despite continued efforts to bring the North Village Development concept to fruition, completion was not imminent, and ownership of the property was returned to the City.

The commercial building on the property has a history of breaches resulting in vandalism, copper theft, and fire damage, including structural damage to the roof. A Notice of Substandard Building has also been issued for this structure.

### **Site 3: 5641-5649 Atlantic Avenue (Council District 8)**

The property at 5641-5649 Atlantic Avenue comprises three parcels totaling approximately 12,360 square feet. It includes two commercial buildings, each positioned on an end parcel with an unimproved middle parcel. The middle parcel once contained a commercial structure but was demolished following a fire that substantially destroyed the structure. The property was also part of the sale to the LAB in December 2017 and has since been returned to City ownership. Each commercial building housed one tenant until December 2024, when both tenants vacated their spaces. An assessment of the buildings and the size of each parcel indicated that the site could be more efficiently developed if it were prepared for ground-up construction.

The current conditions and respective Notices of Substandard Building for Site 1 and Site 2 pose significant risks to the public's safety, nearby businesses, and residents and could be considered an attractive nuisance, inviting further break-ins and vandalism. Additionally, preparing Site 3 for new ground-up construction can enhance potential development offers and result in a project that benefits the neighborhood.

### **Fiscal Impact and Timeline**

Demolition of each Site is estimated to cost approximately \$300,000 per Site and will take 5-7 weeks to complete, two weeks for abatement, and up to five weeks to clear the structure. Costs to demolish each property would be funded initially by the General Fund but would be recovered through the sale of each Site. The City would be issued a reimbursement as part of the close of escrow prior to any sales proceeds being remitted to the affected taxing entities. The demolitions are anticipated to be staggered, with 1858 Atlantic Avenue being the first Site, followed by 620 South Street/5705-5723 Lime Avenue. Work is scheduled to commence on Site 1 beginning February 18, 2025.

### **Recommendation**

Staff recommends proceeding with demolition to eliminate potential liabilities at all three sites. The structures have been deemed unsafe and are susceptible to vandalism, break-ins, and illegal dumping. Demolition will mitigate the risk of further breaches, which could lead to fires, structural damage, and possible injuries. These activities will also help remove blighting influences in the neighborhoods and encourage revitalization through sites prepared for ground-up development.

For additional information, please contact Mary Torres, Real Estate Development Bureau

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