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A home for sale in the Los Altos neighborhood in East Long Beach Tuesday, Nov. 23, 2021. Photo by Brandon Richardson.

# AS LONG BEACH HOUSING MARKET NORMALIZES, TRADITIONAL BUYERS STILL FACE CHALLENGES

BY BRANDON RICHARDSON / Reporter

After more than a year of historic price gains due in large part to the coronavirus pandemic, the local housing market is “normalizing,” according to Coldwell Banker Coastal Alliance owner and CEO Phil Jones.

But there are two major caveats: Inventory is at a historical low, and the market is being dominated by investors and cash buyers. Taken together, those two factors don’t bode well for traditional homebuyers, even as the market appears to cool.

When it comes to inventory, Jones said that a decade or so ago, there would be as many as 3,000 homes for sale in Long Beach. But at the end of October, there were only 410 on the market, including single-family detached, townhomes and

condominiums, down from 603 in October 2020.

Three months ago, meanwhile, 62% of Long Beach listings received four or more offers, Jones said, but that figure has dropped to about 50% as traditional buyers have headed to the sidelines.

“We’re seeing a great deal of buyer fatigue—buyers worn out, tired of losing out in multiple-offer situations,” Jones said, noting that the seasonal slowdown is more dramatic as a result. “Traditional buyers have taken a beating. They just can’t compete.”

That’s because their competition is now large venture firms such as Blackstone and the now-defunct Zillow Offers that treat housing as stock options, Jones said.

This submarket for treating single-family properties as investments did not exist before 2012, according to Edward

Coulson, a professor at UC Irvine and director of research at the university’s Center for Real Estate.

Blackstone, the nation’s largest private equity firm, this year purchased a company that owns 17,000 rental homes for \$6 billion. The move came less than two years after Blackstone sold off its stock in Invitation Homes, which owns some 80,000 homes, for \$1.7 billion.

But homes as investments don’t always pay off.

Zillow Offers’ iBuying gambits put the company in the red after it outbid traditional buyers on thousands of homes across the country, in many cases for more than they could be sold even after improvements were made. Being upside down on so many properties resulted in the real estate

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## Housing policy impacts East Long Beach’s political districts

BY JASON RUIZ / Reporter

Long Beach’s redistricting process has drawn to a close, and the dramatic changes made to the city’s political map have as much to do with population and politics as they do with zoning and patterns of housing development.

The Long Beach Independent Redistricting Commission approved a final map on Nov. 18 that brought big changes not only to the incumbent council members, two of whom have been drawn out, but the shapes of the city’s nine City Council districts.

The maps, which are updated every 10 years based on the most recent census data, have shifted in ways that will bring neighborhoods that have never shared a council person into the same district. The moves were driven by commissioners’ goals of drawing an equitable map while also meeting legal obligations to keep

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## ‘High resource’ areas like East Long Beach targeted for more housing development

BY JASON RUIZ / Reporter

Long Beach resubmitted its Housing Element plan to state regulators for approval this month—and this time it targets more parcels in “high resource” areas of the city like East Long Beach for potential growth in housing production. The more widespread distribution of such parcels was one of the requests made by the state’s Department of Housing and Community Development earlier this year.

The Housing Element is a document that is required to be updated every eight years and provides a pathway for cities to meet their regional housing needs allocation, which was set by the Southern California Association of Governments last year.

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The Long Beach Business Journal is a publication of Pacific Community Media. The journal premiered in 1987 as the Long Beach Airport Business Journal. The Business Journal is published every other Tuesday, except between Dec. 25 and mid-January. Distribution is approximately 22,000. Reproduction in whole or in part without written permission is strictly prohibited unless otherwise stated. Opinions expressed by perspective writers and guest columnists are not necessarily the views of the Long Beach Business Journal.

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ADVERTISING/EDITORIAL DEADLINES

Ads: Tuesday prior to publication.

Press releases: two weeks prior to publication. Email press releases to editor@lbbj.com.

The editorial calendar is available at lbbusinessjournal.com.

LONG BEACH BUSINESS JOURNAL

211 E. Ocean Blvd., Ste. 400
Long Beach, CA 90802

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Advertising: (562) 912-0161

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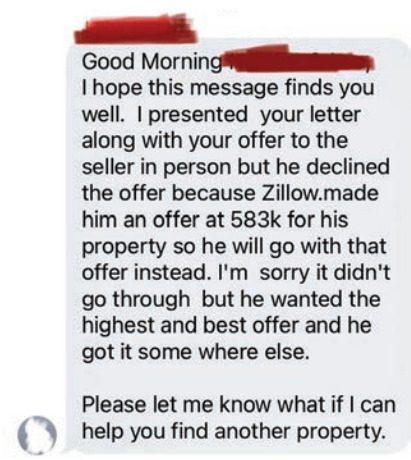
Crews work on an affordable housing project at 1500 E. Anaheim St. that will include 88 units Tuesday, Nov. 23, 2021. Photo by Brandon Richardson.

Zillow Offers' bust brings iBuying front and center

BY HAYLEY MUNGUIA / Editor

Early last month, Natalie Hernandez got a text message from her real estate agent with disappointing news: The prospective first-time homebuyer had, once again, been outbid.

But this time, there was a twist. The seller of the North Long Beach house hadn't gone with another young couple or a typical investor. Instead, Hernandez had been beat out by Zillow.



A text message sent to Natalie Hernandez notifying her that she had been outbid on a home by Zillow. Screenshot courtesy of Hernandez.

"It was devastating," Hernandez said in a phone interview. She had been in the market for more than a year and made about eight offers. The rejections didn't get easier with time. "It was really hard to get to the point where I even wanted to put an offer on a house," she said. "I wasn't just going to eight houses and bidding on all of them."

Since then, Hernandez has successfully purchased another North Long Beach home. She and her partner received the keys earlier this month. Zillow, as those who closely follow real estate news are already aware, has not fared as well. The company announced early this month that it would close Zillow Offers, the arm of its business that buys and resells houses like the one Hernandez sought. "We've determined the unpredictability in forecasting home prices far exceeds what we anticipated," Zillow Group co-founder and CEO Rich Barton said in a Nov. 2 statement, "and continuing to scale Zillow Offers would result in too much earnings and balance-sheet volatility."

The news highlighted a small sector of the residential real estate industry that gained more attention during the COVID-19 pandemic: iBuying. Over the past decade, companies have sprang up whose sole business is buying homes online, sight unseen, and reselling them for a profit. Meanwhile, more established companies in the real estate sector, like Zillow and Redfin, have expanded their businesses to include iBuying as one of a number of other services. The appeal for people looking to sell a home is obvious. iBuying services offer a quote—often priced to be competitive with what a house could fetch on the open market—and allow the seller to dictate closing and move-out dates. For many sellers who have used iBuyers, a major appeal is also the fact that it can all be done without anyone ever stepping foot inside the home—an aspect that

Long Beach continues to fall short on affordable housing development

BY BRANDON RICHARDSON / Reporter

While residential development in Long Beach is regularly described as "booming" out of City Hall, data tells another story: Long Beach continues to fall short on housing goals amid the state shortage, especially in the "affordable" range. But it's not necessarily for lack of effort. The city continues to offer funding and incentives for the construction of affordable units, Development Services Director Oscar Orci said. "It's very difficult to get funding to build affordable housing," Orci said, noting that it takes much longer than the process to fund market-rate housing. "I think the city's been doing a great job at

providing those opportunities." Despite the city's best efforts, though, the development of affordable—and moderate-income—housing remains well below targets outlined by the state's Regional Housing Needs Allocation (RHNA), which projects housing needs and the number of units each city must create to keep up with that need. RHNA figures are updated every eight years, with the 2013-2021 cycle now coming to an end. In that cycle, Long Beach was allocated 7,048 units but only permitted 59% from 2014-2020, according to a staff presentation. The Southern California Association of Governments (SCAG), which assigns the allocations, breaks down specific

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A month and a half after being outbid by Zillow for a home, Natalie Hernandez sits in her new North Long Beach home Monday, Nov. 22, 2021. Photo by Brandon Richardson.

became especially important during the COVID-19 pandemic. Eva Mannoia, for example, sold her five-bedroom, two-and-a-half bathroom Laguna Hills home to the iBuying company Opendoor earlier this year. Like many other families, Mannoia and her husband found themselves looking for more space during the public health crisis. But she was wary of the idea of people touring her house. "I have a child with special medical needs," Mannoia said, "so I didn't really want to have people in my house, looking around, during a pandemic." A friend told her about iBuying, and she got quotes from Zillow and Opendoor. "Opendoor's [price] was vastly higher" than Zillow's, she said, "and the process was almost uncannily easy. We could time it perfectly, and not a soul stepped foot inside." When asked if Mannoia was concerned about getting a higher price, she said Opendoor's offer—\$1.06 million—was higher, by roughly six figures, than three different agents estimated they could sell the house for on the traditional market. "It worked very effectively for us. We happened to be in an excellent market where—they wanted to have inventory, there were very few houses available, the size of our house was exactly right, kind of thing," she said. "So they were able to give us a very, very good offer on it, and in fact, when they sold it, they held it on the market for 45, maybe 60 days, and they sold it for less than they paid us for it." By going with Opendoor, Mannoia's

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A jellyfish sculpture in the courtyard between The Current and the Shoreline Gateway tower Friday, Nov. 19, 2021. Photo by Brandon Richardson.

# First tenants move into Shoreline Gateway, the city’s tallest building

BY ALENA MASCHKE / Reporter

The Shoreline Gateway tower, which officially became the city’s tallest building earlier this year, is now welcoming its first tenants—including more than a dozen jellyfish.

The gelatinous residents are part of the building’s eclectically decorated common areas, which also feature an outdoor art gallery in the courtyard and a community room with a 280-degree ocean view.

After some delays during the pandemic, which according to the developers led to shortages in building materials and staffing limitations, Shoreline Gateway’s first residential tenants moved into their units in September.

As of now, the building’s residential units are currently close to 20% leased and 15% occupied, according to Jason Silver, vice president of development at construction company Ledcor, one of the main partners on the Anderson

Pacific development.

The three commercial units on the ground floor are still to be leased, with two potential tenants currently in varying stages of lease negotiations, according to Silver. Given the hit brick-and-mortar retail has taken during the pandemic, leasing up the commercial spaces wasn’t a given, he added. “I’m just glad there’s a pulse out there to be honest.”

The project has been a long time in the making. Construction at the accompanying apartment complex The Current started in 2014, and ground for the Shoreline Gateway Tower was broken four years later, but plans for the project have been around since 2004.

At the time, the since-dissolved Long Beach Redevelopment Agency, like its fellow agencies across the state, was looking for ways to revitalize parts of the city that had long been affected by blight and a lack of new development.

A well known developer in the

region, Anderson Pacific put in its bid to develop a piece of land on the corner of Ocean Boulevard and Shoreline Drive that was occupied by a city-owned parking lot and a run-down apartment complex.

Plans for the project—its scope and design—stayed the same, but over the past decade and a half, it hit its share of bumps in the road. Shortly after the plans for the two towers, The Current and Shoreline Gateway, were conceived, the recession hit. As a result, funding the project became a near impossible feat.

“The lender you talked to today might not be there tomorrow,” Ryan Altoon, executive vice president of Anderson Pacific, said of the troubled time.

But the developers persisted. “We weathered that storm, and thankfully we did,” Altoon said.

Then came the pandemic. Continued supply chain challenges have made the last stretch of the project particularly arduous—developers

are still waiting for some high-end appliances and mechanical shades to be delivered for installation in the tower’s nine penthouse units, five of which are currently leased.

“It is definitely character building,” Silver said of the challenge of completing a massive project like the 35-story tower. “Just like 2020 for the United States, it’s all about perseverance.”

The payoff, however, is well worth it, he said. “There’s no feeling like standing on top of the building that you’ve been working on for so long,” Silver said. “Changing the skyline is second to none.”

*Monthly rents for the building’s 315 units range from \$2,960 for a studio on the second floor to \$15,795 for a penthouse on the 34th floor. As of Nov. 18, there were 253 units available for lease. The tower has been a joint project of Anderson Pacific, Ledcor, QUALICO and Landtower Residential. ■*



FROM TOP TO BOTTOM:  
The new lobby and courtyard reflected in a jellyfish tank on the first floor.  
A view of Downtown Long Beach from the rooftop pool.  
A dog washing station inside the building.



FROM TOP TO BOTTOM:  
The first floor of one of the \$16,000-per-month penthouses.  
The historic Villa Riviera as seen from the 35th floor.  
Inside a one-bedroom model unit.

Photos of Shoreline Gateway tower by Brandon Richardson taken Friday, Nov. 19, 2021.



Affordable Housing

Continued from page 3

numbers by product type. Based on those figures, Long Beach permitted 115% of required above market-rate units, but less than 16% of the very-low to moderate range.

“We need housing. Period,” Orci said, noting that all types of housing—apartments, condominiums, single-family homes and accessory dwelling units—at all price levels are necessary to address the state’s worsening housing crisis.

In the sixth round of RHNA, which was approved earlier this year and spans from 2021-2029, Long Beach’s allocation increased 276% , to 26,502 units. The allocation breakdown includes 11,156 above-moderate-income, 4,158 moderate-income, 4,047 low-income and 7,141 very-low-income units.

To meet those goals, Long Beach has a lot of work ahead.

Since Jan. 1, 1,000 units have come online in Long Beach, according to city data. Of those units, 33.4% were affordable. Projects such as The Spark at Midtown, Las Ventanas and Vistas Del Puerto brought crucial housing for people with very low incomes, seniors, veterans and homeless residents in high-density areas near major transit corridors.

“Those projects look fantastic,” Orci said. “They are visually

pleasing, they provide case management and other support services for that housing population.”

As of late November, however, 1,300 residential units of all product types were under construction, with only 8% classified as affordable, according to city data. Just over 19% of some 1,800 approved units in projects that have not yet broken ground are affordable.

Orci stressed that the city does not control which developers submit projects to the city, nor what types of housing those projects are. All the city can do is entice and incentivize developers to build affordable housing in Long Beach, he said.

When it comes to housing development, market-rate and luxury are the go-to for most firms. Constructing a building costs millions, especially nowadays, with soaring material and labor costs, Orci noted, so being able to ask for higher rents allows developers to recuperate their investment more quickly.

According to fixr.com, the average cost of building a five-story, 50-unit apartment in the United States is \$10.5 million, with a range of \$4.5-\$50 million. Many of the developments in Long Beach, meanwhile, have far more units, often in the hundreds.

Government entities do what they can to offset the high costs of building. Affordable developments utilize local, state and federal housing grants, tax

credits, discounted land acquisition, density bonuses, housing vouchers and other programs to ensure a project can pencil out while keeping rents low.

In Long Beach, affordable housing projects are eligible for up to \$4 million from the Long Beach Community Investment Company to help projects move forward. The city publicizes a “notice of funding availability,” reviews applications and offers funding for project proposals that fit with the city’s design guidelines.

Funding for the investment company mostly comes from the federal Community Development Block Grant and HOME Investment Partnerships.

Density bonuses, meanwhile, allow developers to build more housing at a particular site than the zoning may imply—but only if the projects meet certain requirements. In Long Beach, developers can take advantage of those bonuses by building projects near major transit corridors; these bonuses are the reason Long Beach Boulevard and adjacent streets, with their proximity to the A Line, have seen much of the affordable development in the city.

And the city’s most recent push to spur more affordable housing can be found in its inclusionary housing policy. The regulation will require all market-rate projects in Downtown

and parts of Central Long Beach that are submitted after Dec. 31, 2022, to include a certain percentage of affordable units—11% if the units are for rent and 10% if for sale.

The inclusionary policy applies to the Downtown area and the Long Beach Boulevard corridor south of the 405 Freeway, both of which are zoned for higher density and taller buildings. To exclude affordable units, developers can pay a premium, with that money going into an affordable housing fund.

The average apartment size in the U.S. is 882 square feet, according to RentCafe.com. With the city’s surcharge of \$47.50 per square foot for each affordable unit not included, developers would have to pay an additional hundreds of thousands—or even millions—of dollars.

The city, for its part, has created a draft Housing Element, a plan that identifies properties suitable for development, development constraints, goals, policy and more. The City Council this month voted to send the plan to the state for approval. If all goes according to plan, it will return to the council for a final vote in early 2022.

Orci, meanwhile, acknowledged the challenges—and the need. “We can always do better,” he said. “And we are trying.” ■

Flex your building skills on Woodruff in South of Conant with \$850K

BY TIM GROBATY / Columnist

If we can stipulate that home buying can be difficult these days, I have a question for you: What are your feelings about a fixer-upper? And by that, I mean how adept are you when it comes to working with carpentry, electricity, plumbing, flooring, drywall installation and painting?

Additionally, if I may pry into your finances, how quickly can you get your hands on \$850,000 in cold cash?

I’m talking about this house at 3659 Woodruff Ave., just on the eastern lip of the desirable South of Conant neighborhood, between Conant Street and Monlaco Road in the 90808. Or, in neo-Realtorspeak, the East End.

It wouldn’t be overly cheeky to price a three-bedroom, three-bath house at this location at \$850,000. That might even be about \$50,000 too low if the house was in good shape. But if the house isn’t in good shape, it might be a tad high.

For starters, there’s the curb appeal, which this house sort of manages to have a bit of simply by its owners not tearing down the front of the house. Even so, it might not be the sort of architecture that you admire or even like, it being a sort of clinker-brick rendering of a storybook chapel of the sort that Little Red Riding

Hood would attend if she were a churchgoing type instead of a GrubHub gig worker.

Any view aside from the curb, however, and things look dispiriting. Listing Realtor Lesley Teasley of Think Boutiq Realty, isn’t going to try to put lipstick on this property. “That’s why the pictures show what they show,” she said. “I want to be totally transparent about what the buyer is getting.”

What the buyer is getting is either a lot of hard work or a mountain of money going to a contractor. At its listing price, it’s too expensive to flip. This isn’t a matter of throwing some paint around, rolling some sod and planting pansies around the porch. Just the prospect of cleaning things up and hauling them away before getting to the actual construction part makes me very, very sleepy. If you pay top dollar for the house, it’ll take a lot more than \$150,000 (which would put you out-of-pocket at \$1 million) to flip it into something that’ll be worth much more than its listing price.

The good news is you might not have to pay \$850,000 for the property (although the bad news is investors are snapping up everything that still has a front on it and it could go for above listing. How did we come to this point?).

The property, says Teasley, is a must-

sell that will need to be approved by a bankruptcy court, and it’s a cash deal because no financial institution will venture a loan to buy the house. Would you?

A better plan

Here’s what let’s do: Take that \$850,000 that’s burning a hole in your pocket and put it down on this terribly lovely Bluff Park Craftsman that’s listed at \$1.74 million by Shawn Ward of West Shores Realty.

I’ve been writing about Long Beach real estate for long enough now that I rarely slobber over a home that’s for sale, but I would do anything to acquire this 1922 classic on what’s arguably (and I would win that argument) the finest residential street in Long Beach,

the overly wide, and extra quiet stretch of First Street in Bluff Park. And by anything, I mean anything that’s fairly legal and won’t make me sick with shame for the rest of my life, which, admittedly, knocks out a lot of possibilities.

It’s a four-bedroom, two-and-a-half-bath home with 2,859 square feet of living space set on a parklike quarter-acre plot.

It’s got everything you want in a Craftsman: oversize eaves, handcrafted crown and wainscot moldings, hardwood floors, fireplace, dining room box beamed ceilings and an inviting backyard covered patio overlooking the lush yard.

And, perhaps best of all, it’s ready to live in, no tools required. ■



The fairly intact front of the fixer on Woodruff Avenue in the South of Conant neighborhood. Listing photo.



The living room of the work-in-progress at 3659 Woodruff Ave., listed at \$850,000 cash. Listing photo.



A classic 1922 Craftsman in Bluff Park at 2919 E. First St. Listing photo.

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Above-Moderate	3,039	-465	380	115%
TOTAL	7,048	3,830	881	59%

Through 2020, Long Beach granted permits for **59%** of it's 5<sup>th</sup> Cycle RHNA and **16%** of its affordable housing unit RHNA target

A chart showing Long Beach’s previous housing allocation. The city fell short in meeting state needs, especially for affordable housing. Chart courtesy of the city of Long Beach.



In the South Wrigley neighborhood, Vistas Del Puerto features 47 affordable units. Tuesday, Nov. 23, 2021. Photo by Brandon Richardson.

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Customers walk into Vons at the corner of East Broadway and Atlantic Ave. near Downtown Long Beach Friday, Nov. 19, 2021. Photo by Brandon Richardson.

# East Village Vons building hits the market for \$43.3 million

BY BRANDON RICHARDSON / Reporter

The Vons supermarket on the corner of East Broadway and Atlantic Avenue is for sale, with a price tag of \$43.3 million, according to the listing on Loopnet. The listing price is substantially higher than what the property fetched just two years ago when current owner, Newport Beach-based private equity firm Fort Ashford Funds, bought it for \$29 million from New York-based Fortress Investment Group.

Located at 600 E. Broadway, the 47,570-square-foot building with 127 rooftop parking spaces was constructed in 2010 for the grocery giant. Vons, a subsidiary of Albertson’s, has 16 years remaining on its lease with eight five-year extension options, according to SRS Real Estate Partners Vice President Pat Weibel. The grocery store falls under Long Beach’s Downtown Plan PD-30, which outlines development standards, land-use and building heights, among other

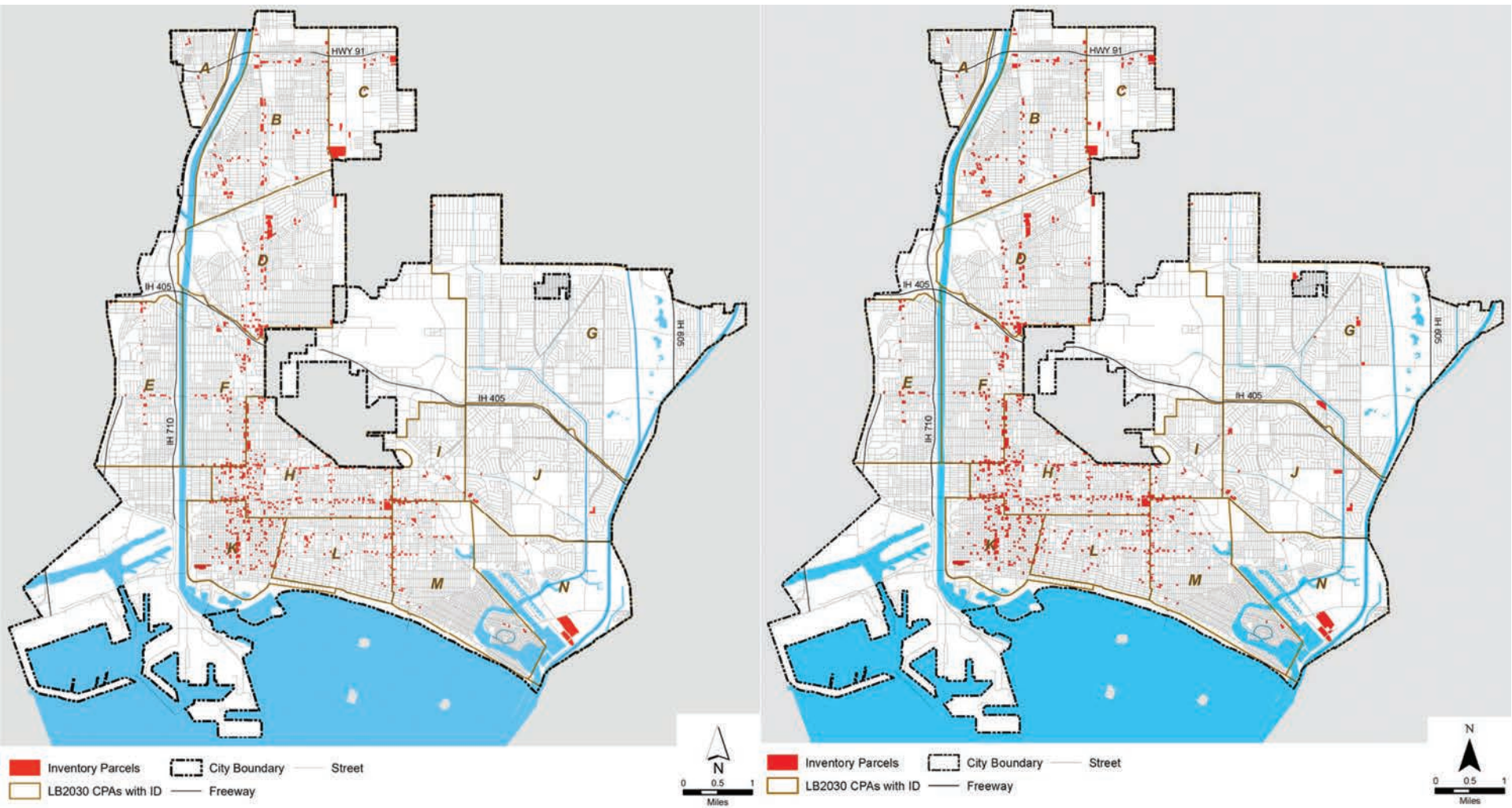
things. The Vons parcel falls into the area where the most density is allowed in the city—builds up to 240 feet, or 500 with incentives such as the inclusion of public open space. Weibel said prospective buyers could be looking at the property as a “covered land play”—a strategy investors use when they think there is a better use of land than the current one. The “better use” often is a residential or mixed-use development with high density. “In 16 years or whenever Vons is

not a tenant anymore, this is certainly a ripe redevelopment property given the location, the zoning and the size,” Weibel said. “It’s really hard to find an acre and a half in Los Angeles County to develop.” If an investor wanted to redevelop the land sooner, they would need to buy Vons out of its lease, which would be “really costly,” Weibel said. But redevelopment may not be the goal due to the success of the grocery store, Weibel noted. This particular Vons is the most visited supermarket in Long Beach, he said, with nearly 875,000 customers in 2020.

Grocery stores and grocery-anchored retail centers have always been popular among real estate investors, Weibel said. But the COVID-19 pandemic made the product type even more appealing, with grocery stores performing extremely well while other types of retail suffered. “They were always open and operating—people needed to buy food and groceries,” Weibel said. “And these grocery operators have turned some of these very dense locations like the Long Beach one into kind of a quasi-distribution center for their delivery business, which has just taken off in the last 18 to 24 months.”

Vons currently pays \$1.5 million, or \$2.62 per square foot per month, in rent for the space. Rent will increase 7.5% in 2027 and every five years thereafter, according to Weibel.

The listing has already garnered a lot of “good” interest, Weibel said. The activity has been from a variety of groups, he said, including 1031 investors, family offices, institutional groups and some foreign groups. “Investors are looking at this as a generational opportunity,” Weibel said. “A lot of folks that buy in Los Angeles County are very high-net-worth individuals or other private entities that look at these as like generational assets they can pass through the family for decades. It’s really, truly a long-term trophy property that somebody can hold for a long, long time.” SRS Managing Principals Matthew Mousavi and Patrick Luther are Weibel’s listing partners on the property. ■



The first draft of the Housing Element map, left, compared to the revised map with more parcels in East Long Beach identified for potential future redevelopment. Maps courtesy of the city of Long Beach.

## ‘High Resource’ Areas

Continued from cover

Long Beach was assigned a goal of creating space for the production of 26,502 units between 2021 and 2029. It failed to meet its previous goal of 7,048 new housing units. While the plan does not guarantee any housing will be built, it identifies parcels where developers would be allowed to build housing in the future based on local zoning rules. Some of the changes were driven by a September letter from the California Department of Housing and Community Development, which raised a number of issues with the city’s first submission. Some concerns in the letter included the city’s projections that parcels that allow non-residential uses—like those zoned for mixed-use commercial—would become residential developments, an inflated projection for accessory dwelling production in the city and a failure to meet fair housing opportunities across the city. Revisions made in the most recent plan include 25 additional parcels added in “high resource” parts of the city. State officials use various criteria to determine what is defined as a “high resource” area, which include poverty, education, employment and environmental factors. The state categorizes all of East Long Beach—as well as some other neighborhoods, like Cal Heights and Bixby Knolls, as “high resource.” In the latest version of Long Beach’s Housing Element, approximately 15% of the parcels listed

are now in those high resource areas, while about 40% are in the lowest resourced areas of the city. Other programs the city has already implemented—like the inclusionary housing policy, an enhanced density bonus for developers to encourage the construction of more affordable units and potential new mechanisms to fund affordable housing in the city—could all help the plan get state approval. City staff said they were confident that this version of the plan would pass state regulators’ scrutiny. Development Services Deputy Director Christopher Koontz said that the plan is not perfectly balanced because staff had to work with existing conditions like the city’s zoning and the recently adopted Land Use Element, which dictates where housing can be built and how dense developments can be on a given block. “But it does further our fair housing goals more than any previous endeavor by this city,” Koontz said. A presentation to the City Council in April saw members of the public oppose the idea that East Long Beach could be mostly untouched by the policy, but now because of state’s letter, more parcels from the area will likely be included in the final plan. The city has also expanded housing development opportunities on the city’s east side with recent zoning amendments. The approval of the Southeast Area Specific Plan earlier this year will allow for about 2,500 units to be developed in Southeast Long Beach near the border with Seal Beach. ADU production, which the

city expects to be a few hundred per year for about 10 years, could further bolster housing production in parts of the city currently reserved for single-family housing. But adding significant density in those parts of the city will require zoning changes, something the City Council could request at any time. Some opportunities to zone parts of East Long Beach and corridors across the city for denser developments were written out of the Land Use Element that was adopted in 2018. Members of the City Council echoed the displeasure from the public that so many of the parcels were still listed in areas of the city that are already densely populated, even with the revisions made by staff. “There’s so much density that we

can put over the next eight-to-10 years in a region that already has high density,” said Councilwoman Suely Saro, who represents Central Long Beach, which has one of the larger concentrations of parcels in the Housing Element plan. Saro and others said it was important for the city to get the best version of this guiding document and work to make the city’s zoning less segregated going forward. But given the time crunch, the council was advised that discussion should be saved for a future meeting. The state will have 60 days to review the city’s new submission, and if it approves the revised Housing Element, the document will head back to the City Council for final approval in early 2022. ■

## Housing Market


Continued from cover

giant shuttering the department. “That’s a market that’s still working itself out,” Coulson said. While deep-pocketed investors fine-tune turning homes into profit, the local market continues to see an “unhealthy” rate of median prices, Jones said. Citywide, the median price for a house was \$754,000 as of October, according to data from real estate brokerage firm Redfin. This marks a more than 12.5% increase from 12 months earlier. “Everyone’s concerned about

affordability,” Coulson said. “We’re always going to have that because supply is restricted and demand is high. And there’s always going to be demand for California living.” But the market still has room for correction. From the mid-1990s until the housing bubble popped in 2007, the housing market in Los Angeles and Orange counties enjoyed a consistent median price increase of about 4% every year, Coulson said. When the market rebounded in 2012, price increases returned to those same levels; however, over the last 12 to 15 months, the increases nationwide have been

closer to 8%, Coulson said. “People ask me, ‘Is this going to continue?’ Of course not,” Coulson said. “There’s no way we could have that kind of price increase. There’s no way that continues; there just isn’t enough income capacity for that.” While prices are soaring and some have feared the market may be another bubble ready to burst, Coulson and Jones do not think it will. For one, leading up to the Great Recession, rental rates were not keeping up with home price increases, but they are now, Coulson said. Secondly, banks were giving out “iffy” loans in the past, Jones said,

compared to the “sound” loans the market is resting on now. But the recent slowdown in the market has caused mortgage rates to begin inching upward, Jones said, adding that he does not expect large increases. Earlier this month, mortgage rates rose to 3.22%, up from 3.15% the week before. Mortgage rates reached a record low of 2.68% in December 2020, according to Freddie Mac reports. “But if rates increase to a point where it impacts the activity dramatically, they might drop down,” Jones said. “But with the shortage of inventory, that combination does not bode well for buyers going into next year.” ■



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## Zillow

Continued from page 3

family didn't have to spend all that time waiting for their house to sell. They were able to move into their new 4,100-square-foot house in Mission Viejo with minimal overlap in ownership.

Still, Mannoia said she recognizes the process may not work out as well for everyone. It's always possible that sellers who go with iBuyers and don't list their properties publicly are leaving money on the table—which could be a concern for people who want to get the highest possible price.

iBuying companies, for their part, see the routine hassles that people face in selling a house—cleaning, staging and coordinating open houses, which all comes before an escrow process that could include significant repairs and concessions to a buyer—as part of an antiquated system.

“We think consumers, regardless of their circumstances, want a more certain, hassle-free way to buy, sell and move,” said Andy Swanton, West General Manager for Opendoor.

“Opendoor takes the complex traditional home transaction—a complicated and broken process—and makes it a simple and convenient way for homeowners to sell their house.”

“In our view, the end state for the real estate market will be a simple, certain and fast transaction,” Swanton added, “powered by technology.”

But iBuying still has a long way to go before it represents a significant share of home sales.

An analysis that Zillow published in September, which looked at iBuying purchases from the four largest companies, found that those transactions represented 1% of the overall U.S. market in the second quarter of this year. The Los Angeles-Long Beach-Anaheim market was in line with that number, at 1.2%.

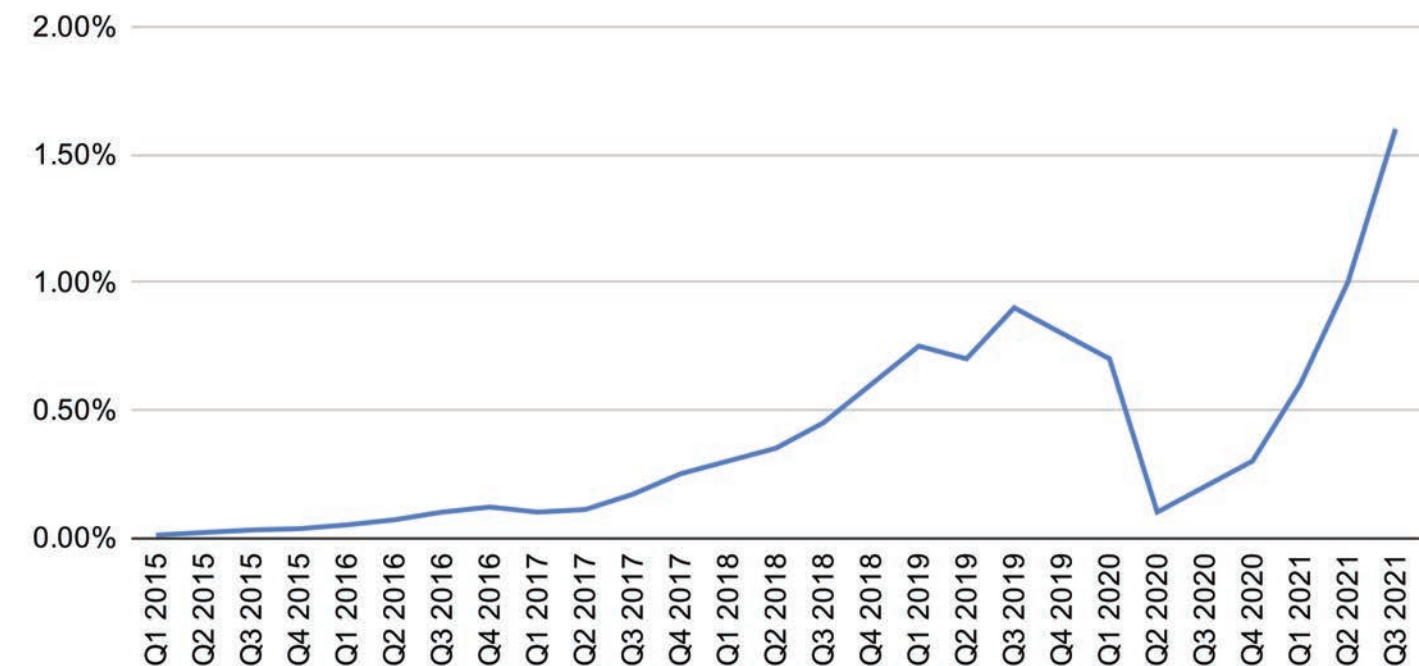
While those shares are small, they still represented a significant rise from the prior quarter, when 0.6% of home purchases nationwide and 0.8% in the LA area were by iBuyers.

Zillow, at the time, used the analysis as evidence that iBuying had a strong future ahead.

But two months later, the company announced a net loss of \$328 million in its third quarter, leading to the decision to wind down Zillow Offers and cut 25% of its workforce. Some of the financial challenges outlined in the company's third quarter report included having purchased homes at higher prices than they're likely to sell for and capacity constraints that pushed sales of already purchased homes further into the future.

“We have offered sellers a fair market price from the start, but have also been clear that the business only becomes consistently profitable at scale,” Barton, Zillow's co-founder and CEO, said in a statement. “With the price forecasting volatility we've observed and now must expect in the

## Nationwide iBuyer Market Share



Source: Zillow and Redfin data

Chart by Hayley Munguia.

future, we have determined that this scale would require too much equity capital, create too much volatility in our earnings and balance sheet, and ultimately result in a far lower return on equity than we imagined.”

So where does this all leave the future of iBuying?

Representatives of other iBuying firms were quick to point out how their business models differ from Zillow's.

Chris Edwards, for example, is the Southern California portfolio manager for Redfin's iBuying arm, called RedfinNow. Edwards acknowledged that determining fair market value is far more difficult in some areas than others—and RedfinNow accounts for that.

He said Phoenix, where homes are relatively homogenous, is one of the easier markets to price.

“In other markets, like Southern California and San Francisco, it's more difficult to value homes,” Edwards said. “There's so many different factors—view and neighborhood and floor plan and schools. Properties are really different around here, and there are a lot of older homes, so it is a challenge.”

“But I think the strength of Redfin is that we have real estate experts,” he added. “This whole RedfinNow product—it's not an automated offer. We have the Redfin Estimate, but we don't use an algorithm to come up with an offer price. We have investment specialists who look at every offer that comes in and do a valuation and come up with a fair market value. By putting experts at the front of the process, we feel like we have good control of the offers that go out the door.”

Edwards, along with folks at Opendoor and Offerpad, said they believe their companies are poised for success with iBuying.

But Richard K. Green, director of the USC Lusk Center for Real Estate, isn't

so sure.

Green said that while the premise of iBuying is a solid win for sellers, it's unclear how anyone makes a sustainable business out of it. Title insurance, property taxes and transfer taxes are all extra costs involved in a sale that may cut into a potential profit margin—and that's assuming a house goes up in value.

“But that doesn't always happen,” Green said. “If you're caught at the wrong time, it can really bite you, and we saw that with Zillow.”

Zillow's “algorithm is better than others—they have a lot of information,” Green added. “They're sort of like—they and Redfin are both very good, like Google, constantly making their algorithm better, constantly upgrading it. If they can't figure it out, I don't know how other people can figure it out.”

Still, he said, “to some extent, I'm rooting for these guys to do well because the cost of buying and selling a house with all these commissions involved is absurdly high.”

Not everyone, though, is rooting for them.

Hernandez, in North Long Beach, said her experience shows how iBuyers can make an already tough market even more difficult for first-time buyers. Zillow outbid her and her partner by \$43,000—a significant sum given the couple's \$560,000 maximum budget.

Records show the house sold Nov. 12 for \$585,400, with a Zestimate—Zillow's home value algorithm—of \$552,900.

“I think Zillow and Redfin—iBuyers—shouldn't be in the market, because they are an unnecessary player,” Hernandez said. “It's a very competitive housing market. I've already been beat out by regular investors, out-of-town kind of buyers, and so Zillow—even if they don't control, what do they say, more

than like 2% of sales—they still cause housing prices, I think, to unnecessarily rise.”

But Green, at USC, said he's heard that argument, and the data doesn't support it.

“That is using anecdote to draw conclusions, which is what people do all the time,” he said. “It's like saying, ‘I have cancer, and there's a transmission box next to me, so maybe the transmission box caused my cancer.’ But when, in fact, systematic studies are done: No, they don't cause cancer.”

Still, Green said, he understands the impulse.

“It's hard for buyers to get in the market right now, so they're looking for a villain,” he said. “If they want a villain—not that I would call it a villain, but 2.5% mortgage rates explain a lot about why the market looks the way it does.”

“Mortgage money is free right now because the expected inflation rate and mortgage rates are about the same,” Green continued. “Money is free, so it's not a great surprise that there are a ton of people out there wanting to buy.”

While iBuyers may make a difference at the anecdotal level—one-off sales like the house Hernandez tried to buy—Green said their overall market share is so small, and the business model so tenuous, that “I just don't think it matters very much” in the bigger picture of real estate.

For Hernandez, though, those anecdotal, one-off sales are still worthy of concern.

“It's important to acknowledge, because there is a very local effect,” she said. “Folks see it on the news, and they're like, ‘Oh, well who is really affected by that?’”

“It's really happening in North Long Beach,” Hernandez said. “When it's in our neighborhoods, it's important!” ■



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# Los Coyotes Diagonal signal improvements get the green light

BY JASON RUIZ / Reporter

After nearly eight years of searching for grant funding, Los Coyotes Diagonal will finally get its traffic signals upgraded over the next few months.

The project will upgrade 10 intersections’ traffic signals running along Los Coyotes Diagonal from Outer Traffic Circle Drive to Carson Street, which is the entire stretch of Los Coyotes in the city of Long Beach. The City Council approved a contract for the work at its Nov. 9 meeting.

The project will replace outdated traffic lights, pedestrian crossing signals, the poles and arms that hold up the lights as well as install new detectors for vehicles and bicycles. Additional upgrades to meet safety and ADA standards, like improved lighting, are also expected to be part of the project.

The work will address 10 intersections along Los Coyotes but will omit the signals at the 405 Freeway Bellflower Boulevard south exit, the fork where it meets Studebaker Road and the signal at Parkcrest Street outside McBride High School. It also



A woman crosses the street at Los Coyotes Diagonal and Ximeno Avenue near the Traffic Circle Tuesday, Nov. 23, 2021. Photo by Brandon Richardson.

won’t address an intersection between Spring and Willow Street where a teenager was killed earlier this year by an alleged drunk driver. The teen’s parents have started a petition to put a signal at Deborah Street, but that will

require a separate traffic survey and additional infrastructure, according to the city.

Joy Contreras, a spokesperson for Public Works, said that the signals at Studebaker would be upgraded as part

of a different project that will upgrade Studebaker Road’s traffic lights. That project is expected to happen over the next 18 months, Contreras said.

One of the biggest improvements for pedestrian safety along Los Coyotes could be the installation of pedestrian push buttons and countdown signals, which will let pedestrians know the time they have to cross the street. Those are expected to be placed at all pedestrian crossing locations along the route, according to a city memo.

The city has been seeking funding for the \$1.4 million project since 2013, when it applied for a federal safety improvement grant from the United States Department of Transportation. However, it wasn’t granted permission to authorize construction or engineering for the improvements until December 2020. Contreras said that grant funding will cover about half of the project cost.

According to the bid accepted by the city, the work is expected to take 90 working days to complete. While no full street closures are expected, Contreras said there could be temporary signals and partial lane closures once the project begins. ■

## Housing Policy

Continued from page cover

districts as close as possible to each other in overall population.

Some of the biggest changes happened in East Long Beach, where the majority of housing is the single-family variety, which required bigger geographic shifts in the new district map to offset the higher population growth in denser parts of the city.

More densely populated districts shrank geographically as areas with more single-family housing grew their footprints, a trend that could continue after the next census due to new housing production in already dense parts of the city outpacing the rest of Long Beach.

Here’s how Long Beach could change over the next decade, which could require even bigger shifts in future maps.

### Where is new housing being proposed?

There are thousands of units in various stages of construction in the area of the city that sits west of Redondo Avenue and south of Pacific Coast Highway.

There are large projects like West Gateway, which could add nearly 700 units between the George Deukmejian Courthouse and the World Trade Center, and the “Mid-Block” development that could bring 580 units between City Hall and Lincoln Park.

There are also smaller projects, like the 48-unit apartment building that could displace the popular East Village restaurant, Padre, or the new 88-unit affordable housing project at Anaheim Street and Walnut Avenue.

But even in parts of the city that are not currently zoned for large multi-family residential projects like these, there is room for growth. The city has seen an increase in accessory dwelling units (ADUs) being built in the backyards of single-family homes.

Christopher Koontz, deputy director of the city’s Development Services Department, said the city expects ADU production to peak at about 450-500 per year and remain at that level for five-



Congressional Place, an office complex at Studebaker Road and Marina Drive near Alamitos Bay, was identified by city staff as a potential site for future mixed-use development. Tuesday, Nov. 23, 2021. Photo by Brandon Richardson.

to-10 years.

Koontz said there are 59,803 lots in the city that could add an ADU and approximately 79% (47,244) are the ideal size to add one. Still, one year of ADU production could be canceled out by a variety of developments elsewhere in the city that will add hundreds of units on their own.

### Is there room in East Long Beach?

Aside from ADU production, Koontz says there is room on the city’s east side for future housing production—but it’s unclear whether more housing will actually come to fruition in East Long Beach.

Earlier this year, the City Council approved the Southeast Area Specific Plan, which allows for as many as 2,500 units to be built on the parcels along Pacific Coast Highway near the Los Cerritos Wetlands and the 2ND & PCH retail development. However, nothing yet has been proposed.

Two controversial state laws could

also provide some room for added units in the city’s eastern half. Senate Bill 9 allows homeowners to build duplexes by right, and in some cases would allow property owners with large lots to subdivide them and build four-plexes. But city officials have said the law is not expected to generate many additional units in parts of the city currently zoned as single-family.

The potential impacts of Senate Bill 10, which lets property owners build as many as 10 units on a single parcel, are also unclear. The law requires City Council approval for such projects, and the current council has not shown an inclination to break up single-family zoned areas of the city.

Koontz, though, said there still is room along the Redondo Avenue corridor from Broadway to Pacific Coast Highway to create more housing and that new housing units don’t necessarily require open parcels of land.

That’s especially true because the city’s housing stock is old. Over 70% of the city’s housing units are over 50 years old, and those could be replaced over time to ensure that the units are safe and habitable. Along Redondo, where buildings are typically between one and three stories tall, new zoning included in the Land Use Element could allow them to be rebuilt at four or five stories tall.

There’s also the possibility that housing could be added at Cal State Long Beach and Long Beach City College in the future to accommodate more students and various one-off projects, like a proposed senior living facility just south of Wardlow Road and Los Coyotes Diagonal, that could add to the population of East Long Beach.

### What’s preventing developments in certain parts of the city?

Housing development requires both zoning to allow for the units to be built and a developer who wants to build in that area—and who has the resources

to complete the project. But the zoning issues have been entrenched for decades, and wealthier, suburban residents showed up in large numbers to oppose zoning that would have allowed future density in their neighborhoods during the Land Use Element process.

Corridors across the city including Anaheim Street, Long Beach Boulevard, Seventh Street and Pacific Coast Highway can all accommodate higher-density housing because of existing zoning and tweaks to the Land Use Element will allow for higher buildings, and in some cases, residential developments over commercial businesses.

However, streets like Bellflower Boulevard, Palo Verde Avenue, Spring Street and Lakewood Boulevard, all of which have commercial areas that could support the same kind of mixed-use residential projects—which city planners have promoted to increase the city’s housing stock in other areas—were not zoned that way.

Proposed residential zones were removed from the Land Use Element by the City Council before it was approved in 2018, but that doesn’t mean a future City Council can’t change that. Until that happens, Koontz said that the city will work with what was approved in 2018.

The city has resubmitted its Housing Element, an eight-year roadmap of where housing could be built to help it meet its regional housing goal of over 26,000 units. State regulators have told Long Beach to include more parcels in “high resource” areas like those in East Long Beach and other predominantly single-family housing neighborhoods. A final version of the Housing Element is expected to be approved in early 2022.

But for now, it appears the lack of new housing in East Long Beach—and the stable population that its housing availability implies—will mean a growing geographic footprint for the area’s City Council districts. ■

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The Marina Shores shopping center—home to PetCo, Chronic Tacos, Five Guys and formerly Whole Foods before its move up the street to 2ND & PCH—has been identified by city staff as a potential site for future mixed-use redevelopment. Tuesday, Nov. 23, 2021. Photo by Brandon Richardson.



FROM THE EDITOR: Food business with social justice mission comes to East Long Beach

BY HAYLEY MUNGUIA / Editor

When I learned a food business with a mission of furthering social justice had opened up in the Aero Long Beach business park just south of the airport, I was intrigued.

Everytable—a company that was founded in 2015 with the goal of making healthy food cheaper and more accessible for underserved communities—entered the Long Beach market earlier this year, when it opened up in the East Long Beach office district.

It seemed to me an odd choice, given the area’s relative affluence compared to other parts of Long Beach. But it turns out that it’s all part of Everytable’s business model: The company chooses locations in both low-income and high-income areas and prices its grab-and-go food—meals are not made on-site—differently based on the neighborhood.

Just in Long Beach, for example, the company also has plans to open up in Central Long Beach in February and in Downtown Long Beach the following month.

No matter the market, though, Bryce Fluellen, the executive director of social equity franchising for the company, told me it’s a priority of the company is for its food to be affordable. An order of carnitas tacos at the Compton location, for example, costs \$6.10, while that same meal costs \$8.35 at the East Long Beach store.

And it is, actually, all the same food. Everytable uses the grab-and-go model to cut down on costs; the company has a 30,000-square-foot central kitchen in Vernon, where all of its food is made fresh and delivered to Everytable’s 11 stores across LA County each day.

“We control the production of our food under one house, in a central commissary,” Fluellen told me, “which allows us: 1) To be controlling the product, but also 2) To be more efficient and pass on that savings of efficiency and cost to that consumer.”

But Everytable’s pursuit of social



Jazmin Figueroa rings up a customer at Everytable in East Long Beach Tuesday, Nov. 16, 2021. Figueroa has worked for the company for six months. Photo by Brandon Richardson.

justice goes beyond how it serves customers. The company also has its own program—the Social Equity Franchise program that Fluellen leads—that gives employees the opportunity to access management training and capital to eventually own and operate their own Everytable franchise.

“At Everytable, our mission really is about inequality,” Fluellen said, “so looking at that, we said, ‘Wouldn’t it be great to create a franchise system that put ownership in the hands of entrepreneurs of color who don’t have access to traditional capital or the mentorship and training that’s needed?’”

So Everytable University was born. In the full-time, fully paid program, workers manage a store while taking courses in business, finance, marketing and leadership. Folks who complete the program may then be eligible for low-interest loans to own their own franchise, which don’t need to be repaid until the location turns a profit.

Everytable has partnerships with charitable organizations like the Kellogg Foundation that provide the

Still, she said she’s felt supported by Everytable staff—and that the rigor of the program is preparing her to eventually own her own store.

“When I applied, I wasn’t sure if I was qualified for it,” Martinez said. “I wasn’t sure if I had the experience for it. But they’ve been guiding me through it, and now the training experience I’m getting, going to different stores—I feel like I’m not ready yet, but I’m on the right path.”

Whenever Martinez does complete the program and is eligible for her own store, there will likely be an even wider availability of locations for her and other folks who have gone through the program.

Everytable is looking to expand—and to do it quickly. By the end of 2021, Fluellen told me, the company is slated to open another 14 Southern California locations. And another 40-50, including the two new Long Beach sites, are in the pipeline for next year.

And of course, the company will need more people to manage—and own—those new stores.

At the end of our conversation, Fluellen told me that the point he really wanted to hammer home is that Everytable is actively recruiting.

“None of this happens without people,” he said.

Martinez, for her part, was similarly encouraging.

“Even for people that want to try to just apply and see, I would say just apply, honestly,” she said. “You don’t know until you try, and that’s one thing that has always scared me: What if I try and I fail?”

But ultimately, she said, “I think that if I wouldn’t have done it, I would have regretted it.”

“I would totally advise anybody that wants to do it,” Martinez added, “to just go for it.”

*Everytable, 3750 Kilroy Airport Way, is open 8 a.m. to 3 p.m. Monday through Friday. For more information on the company or Everytable University, visit everytable.com. ■*



Damon Lawrence, executive director of the Long Beach Grocery Co-Op, stands in front of what will soon be his store at the former Cirivello’s sports bar in East Long Beach. Thursday, Nov. 18, 2021. Photo by Thomas R. Cordova.

Grocery co-op signs lease to take over former Cirivello’s bar space

BY JASON RUIZ / Reporter

In February 2020, Damon Lawrence was making plans for Long Beach’s first grocery co-op. He readied a membership drive to push the organization over the threshold it needed to sign a lease for its own storefront—the vacant commercial

space under the Beacon housing development on Long Beach Boulevard.

He was excited. Then the COVID-19 pandemic hit.

The fundraisers and events the group planned for the Long Beach Grocery Co-op were canceled as businesses closed amid stay-at-home orders and the uncertainty of the pandemic set in.

“It was exhausting the amount of work that went into it, and to have that go away was deflating,” said Lawrence, the executive director of the co-op.

The future of the co-op was uncertain, but Lawrence wasn’t ready to give up on the idea of creating a sustainable and local option for groceries in Long Beach, which was formed in his backyard after the Albertson’s near his Rose Park home closed in 2012.

The Long Beach Grocery Co-op group continued to sign up member-owners and search for locations suitable for its storefront.

Nearly two years later, and now with over 800 member-owners, Lawrence signed a lease in October to open the store in a space formerly filled by Cirivello’s, a longtime staple of the Parkview Village shopping center at the intersection of Bellflower Boulevard and Carson Street.

“We get knocked off our feet, but we don’t get knocked out,” he said.

While the pandemic was disastrous for its plans to open at The Beacon, the public health crisis also served as a reminder that community is important, and a community-based grocery option was something that was worthwhile in Long Beach, Lawrence said.

“I think a lot of people started looking at it like we needed to have something that was in our control and have a community space that was for us,” Lawrence said.

As the group works with designers and architects to turn the old restaurant into something that will pay tribute to its past while meeting the needs of a community space for the city, Lawrence said there is still fundraising to do.

Co-ops typically open with about 1,200 to 1,500 members, a goal

Lawrence is confident the organization can reach. Membership, with a one-time fee of \$250 that can be paid all at once or in installments, gives member-owners voting rights and access to discounts and patronage refunds.

The Long Beach Grocery Co-op, though, also needs to raise about \$3 million in capital to open the store. The fundraising effort will be national, with the co-op likely seeking investments through Wefunder, a crowdsourcing site for angel investors.

If all goes well, Lawrence thinks the co-op can open by October 2022.

While the new location in East Long Beach does not meet one of the original goals of the co-op, to bring fresh food options to an underserved part of the city, it could provide an opportunity to work with nearby college students at Long Beach City College.

The location will have a full kitchen, and Lawrence said the co-op might try to partner with the college’s culinary program to give work experience to students and possibly sell items they make in the store. The co-op still plans to offer local products from vendors who can’t find shelf space at corporate grocery stores.

Lawrence said the co-op will likely be able to employ 30 people once it opens, but there are already plans to expand its footprint.

He said he’d like to open at least two more stores, with North Long Beach and the Downtown area being prime targets if the Long Beach Grocery Co-op grows in the future.

“It’s been seven years of hard work for a lot of Long Beach citizens,” Lawrence said. “For us to get to this point is amazing.” ■



Gracie Barrera, 34, browses the food selection at Everytable in East Long Beach Tuesday, Nov. 16, 2021. Photo by Brandon Richardson.



Everytable’s line of probiotic smoothies at its East Long Beach location Tuesday, Nov. 16, 2021. Photo by Brandon Richardson.

Mexihanas Hibachi Grill opens second location in East Long Beach

BY CHEANTAY JENSEN / Reporter

Less than a year after opening his first restaurant, Martin Luzanilla has opened his second Mexihanas Hibachi Grill in East Long Beach, taking over what was formerly the SideYard Café on Palo Verde Avenue.

“It seems fake, you know?” Luzanilla said from behind the stainless steel counter at his new location. “I have to pinch myself to see if this is real.”

The popular restaurant, which serves



Martin Luzanilla, co-owner of Mexihanas Hibachi Grill, stands in front of his new location on Palo Verde Avenue and Stearns Street Tuesday, Oct. 18, 2021. Photo by Cheantay Jensen.

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U.S. Rep. Nanette Barragán joined Senator Alex Padilla, center, and other local, state and federal leaders at the Port of Long Beach to tout the recently passed infrastructure bill, which includes billions for port and waterway investment. Friday, Nov. 12, 2021. Photo by Brandon Richardson.

Local, state, federal leaders tout infrastructure bill at Port of Long Beach

BY BRANDON RICHARDSON / Reporter

U.S. Senator Alex Padilla (D-Calif.) and other local, state and federal representatives spoke earlier this month at the Port of Long Beach about the recent passage of the Infrastructure Investments and Jobs Act and how it will address the supply chain crisis gripping the San Pedro Bay ports and the rest of the country.

Passed by the Senate on Aug. 10 and the House on Nov. 5, the \$1 trillion infrastructure bill includes \$17 billion for the nation’s ports and waterways, including the heavily congested ports of Long Beach and Los Angeles.

President Joe Biden signed the bill Nov. 15, a few days after Padilla’s Nov. 12 visit.

“Container traffic has recently been snarled but it’s a reminder of how the logistics and challenges that we are experiencing are not just impacting us here locally but, frankly, around the world,” Padilla said during the press conference.

“The global pandemic exposed the importance and urgency of modernizing our ports,” Padilla added, saying the congestion is impacting businesses and consumers.

The infrastructure bill will be used to fund a slew of projects at the nation’s ports, including rail and bridge updates

and expansion, road improvements, worker training, equipment, on-dock electrification, climate change resiliency, truck emission reduction and more.

Officials for the ports of Long Beach and LA previously identified rail as a top priority, noting that such projects take years to complete.

Other speakers included U.S. Rep. Nanette Barragán, California State Transportation Agency Secretary David Kim, Long Beach Mayor Robert Garcia and ILWU Local 13 President Ramon Ponce de Leon.

“This is a historic investment in infrastructure and a historic investment

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Maritime industry introduces new queuing process for container ships

BY KELLY PUENTE / Reporter

The backlog of cargo ships sitting in the San Pedro Bay now has a more orderly queue further off the coast under a plan from maritime industry leaders designed to reduce air pollution and congestion.

The ports of Long Beach and Los Angeles, which together handle 40% of the nation’s imports, have been grappling with a massive supply chain crisis this year as dozens of container ships sit backed up just offshore. Earlier this month, a record 111 container ships were at anchor or adrift off the coast, according to the Marine Exchange of Southern California.

The backlog has prompted concerns about air pollution spikes, especially in nearby neighborhoods, like Long Beach’s Westside, that have long seen higher asthma and cancer rates.

Under the new queuing process, which went into effect Nov. 16, ships are assigned a spot in the arrival queue based on the departure time from their last port of call. They are required to anchor 150 miles offshore, rather than hugging the coast, as they wait for an available berth.

The plan from the Pacific Maritime Association, Pacific Merchant Shipping Association and Marine Exchange of Southern California, requires ships to slow their speed and spread out, which is intended to reduce the number of ships at anchor before the onset of winter weather, as well as reduce air emissions near the coastline, according to a news statement.

Under the previous system, container ships entered the arrival queue based on when they crossed a line 20 nautical miles from the San Pedro Bay port complex.

“The San Pedro Bay Ports play a critical role in California’s statewide economic health,” PMSA President John McLaurin said in a statement. “This system delivers a pragmatic solution through order and predictability that will reduce the number of ships idling off the coast in the coming months, improve safety, and support the efficient movement of container-based goods.”

The new process did not apply to ships already in the arrival queue and could take several weeks to fully implement.

Port of Long Beach Executive Director Mario Cordero said in a statement that the harbor welcomes the new plan.

“Coupled with the measures being implemented by the ports and our other partners—as well as the support of the Biden Administration—we are confident we can catch up with the backlog,” he said. “It’s important that we get the supply chain flowing smoothly again, as soon as possible.” ■



Virgin Orbit LauncherOne rocket is delivered to Mojave Air and Space Port for a December mission. Photo courtesy of Virgin Orbit.

Virgin Orbit announces new deals, prepares for year’s final mission

BY BRANDON RICHARDSON / Reporter

Innovative small satellite launch service provider Virgin Orbit, based in Long Beach, has announced two deals for a combined 30 launches in the coming years. The announcements came as the company prepares for its final launch of 2021 next month.

In early November, Virgin announced it entered into a memorandum of understanding with ANA Holdings—the owners of Japan’s largest airline—for 20 flights of Virgin Orbit’s LauncherOne rocket. The Japanese company plans to provide funding and support for the missions to launch from Japan’s Oita Airport.

“Virgin Orbit offers something no other launch company can,” ANA Executive Vice President Koji Shibata

said in a statement, “and that capability will be extremely valuable to the growing space industry in Japan and throughout the region.”

The terms of the agreement call for ANA and several of its partners to fund the manufacturing of mobile ground-support equipment that will prepare the Virgin Orbit system for flight from existing runways at Oita Airport, turning the facility into a LauncherOne-ready spaceport as early as the end of 2022, according to the announcement.

Similar to the United States, the number of space startups in Japan has been increasing since 2015, driven by increased investment and government activities meant to accelerate the private sector, according to ANA. The LauncherOne will provide increased flexibility for the “booming commercial

ecosystem for space in Asia,” which currently only has ground-based launch capabilities, the company said.

“We are elated to be partnering with such a talented and honored firm to move space launch forward and serve the rapidly growing need for launch,” Virgin Orbit CEO Dan Hart said in the announcement. “We look forward to collaborating with ANA to foster the ongoing transformation of the space economy.”

On Nov. 17, Astroscale, a Japan-based private orbital debris removal company, announced it also entered into a memorandum of understanding with Virgin Orbit for as many as 10 missions. Astroscale is planning dozens of missions over the next decade to advance space sustainability and on-orbit satellite servicing.

The two companies are exploring areas of cooperation related to policy and regulation, space debris removal, government partnerships and launch, according to the announcement. The partnership also includes the study of a potential joint Global Responsive Satellite Servicing capability, storing Astroscale payloads at LauncherOne spaceports for quick deployment and promoting U.S.-Japan and U.S.-U.K. cooperation for responsive launch capabilities out of Oita, Japan and Cornwall, U.K.

“The space industry is on the cusp of a new era, with flexible and responsive launch and satellite servicing an emerging reality,” Astroscale founder and CEO Nobu Okada said in a statement. “This partnership with Virgin Orbit will bring value to these rapidly developing sectors, not just for technology development, but for business and regulatory innovations as well.”

Virgin Orbit recently joined the Consortium for Execution of Rendezvous and Services Operations (CONFERS), an international industry group representing the on-orbit servicing

ecosystem. Astroscale already is an active member of the organization.

“Virgin Orbit is a like-minded company that is revolutionizing the way we launch and access space while maintaining a commitment to space sustainability,” Nobu said.

The two major announcements come as Virgin Orbit is preparing for its third and final mission of 2021, dubbed “Above the Clouds.” A fully assembled rocket has been transported from the firm’s Long Beach factory to the Mojave Air and Space Port, where it is undergoing pre-flight preparations, including being mated with Virgin Orbit’s customized Boeing 747, Cosmic Girl.

The launch, which is targeted for the first week of December, will carry satellites for the U.S. Department of Defense and the Polish company SatRevolution. The DOD is launching several research and development satellites from across multiple government agencies for experiments in space-based communication and in-space navigation.

SatRevolution is launching two nanosatellites—the SteamSat-2 and STORK-3, which will join Earth-observation satellites STORK-4 and 5 that were placed in orbit in June. SteamSat-2 is a technology demonstration of water-fueled thrusters for in-space propulsion.

The mission also includes a university payload sponsored by NASA.

“[The mission] is an important step forward in achieving our goal to provide an affordable, accessible and reliable route to low-Earth orbit for customers around the world,” Hart said in a statement, noting that the company plans to double its number of launches next year. “All of us at Virgin Orbit are excited to continue to share our progress with the space community here in California as we gear up for even bigger things to come globally in 2022.” ■



Local, state and federal leaders clap as California Gov. Gavin Newsom speaks on the supply chain crisis and the role of the recent infrastructure bill in alleviating congestion at the ports Wednesday, Nov. 17, 2021. Photo by Brandon Richardson.

Newsom vows LA, Long Beach ports will get ‘fair share’ of infrastructure bill dollars

BY BRANDON RICHARDSON / Reporter

California Gov. Gavin Newsom joined local, state and federal officials earlier this month at the Port of Long Beach for a press briefing regarding the historic infrastructure bill signed by President Joe Biden.

During his Nov. 17 remarks, Newsom pointed to decades of underinvestment in California’s ports at all levels and

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New initiative gives Jordan High School students a peak at a port career

BY ALENA MASCHKE / Reporter

As the need for more port workers is clearer than ever, a new addition to Jordan High School’s ACE Academy program—an educational track focused on engineering—is set to provide opportunities for students to explore just such a career.

ACE Academy offers work-based learning and other real-world experiences for students. The new partnership with the Port of Long Beach kicked off in late October and will include training for teachers, field trips for students and representatives of the Port of Long Beach on the program’s advisory board.

“Our goal is to provide them with contacts, experiences, background, career exploration and awareness,” said

Valerie González, Jordan High School’s pathway coordinator. “The objective of linked-learning pathways is for students to feel connected to an industry in the real world and have that real-world experience.”

Students can elect a pathway they’re interested in while in eighth grade, and choose a high school based on their interest in one of the various pathways offered at schools across the city. The partnership with the port adds another career path to that portfolio, one that connects students with one of the biggest employers in town.

“What it means for our school is that our students are getting all these opportunities that they didn’t have prior,” said Jordan Vice Principal Ray Rodriguez.

Anthony Rojas, a 17-year-old senior at Jordan, said he thinks the partnership

will be especially useful for current freshmen, who will be able to take advantage of four years of career development with the port’s guidance. “I feel like it’s going to really benefit them,” Rojas said. “The pathway was already good, it’s even better now.”

But students that have already completed part of the program also stand to benefit, said fellow ACE student Noe Ramirez, a 16-year-old junior at Jordan who’s planning to apply for a scholarship from the port through the program. “It can help us think about what life could be after high school,” Ramirez said.

As part of the ACE Pathways partnership, the port has set aside \$20,000 to distribute among students.

For the port, the program is a way to keep talent local and reach a diverse future workforce. “The return on

investment for us is to retain hometown talent,” said Long Beach Harbor Commissioner Steve Neal. And, he added, “it helps us reach some of the social equity goals.”

The new initiative constitutes the second partnership the Port of Long Beach has with a local high school, the first being the Port of Long Beach Academy of Global Logistics at Cabrillo High School, which focuses on logistics management.

Although there aren’t any concrete plans yet to form partnerships with other schools in the Long Beach Unified School District, Neal said he’d like to see the project expand further in coming years and beyond his tenure with the commission.

“My goal would be to have an academy in all the high schools, eventually,” he said. ■



# Southwest boosts passenger traffic at Long Beach Airport

BY BRANDON RICHARDSON / Reporter

An increased number of flights by Long Beach Airport’s largest air carrier gave it a boost to passenger traffic in October after months of lagging recovery, airport officials said earlier this month.

“This is the strongest recovery we’ve seen in our passenger numbers since the onset of the pandemic,” airport

Director Cynthia Guidry said in a Nov. 17 email.

Last month saw 220,293 passenger travelers pass through the municipal airport, a more than 280% increase over the same month last year. The October passenger volume, though, remains nearly 28% below pre-pandemic levels, which is the closest to normal levels the airport has seen since the onset of the pandemic.

In September, 181,560 passengers traveled through the airport, which was more than 37% below pre-pandemic levels.

Upon releasing September data, airport officials said they expected an increase in activity during the holidays, including more daily flights.

“Southwest Airlines increased their flight service starting in October and then again in early November,”

Guidry said in her Nov. 17 email, “so we are really excited about a nice boost over the coming months from the additional flights and the busy holiday season.”

Passenger traffic bottomed out early in the pandemic as flights around the world were grounded. In Long Beach, April 2020 volumes plummeted to 98% below normal levels. ■

## Infrastructure Bill

Continued from page 18

in ports,” Barragán said during the press conference. “And this couldn’t have come at a better time where we have the supply chain issues.”

During a Nov. 9 phone interview with the Business Journal, a senior White House official said the San Pedro Bay ports are well-positioned to be awarded a sizable share of the funding due to their importance for the U.S. economy.

“Every single part of this nation should want to see investments into the ports of Long Beach and Los Angeles,” Mayor Robert Garcia said during Friday’s press conference, noting that the twin ports bring in 40% of the nation’s imports. “Folks in places like Oklahoma and Ohio and Pennsylvania should be looking at investments here to benefit those communities.”

“Our top priority here at [the ports] is making sure folks have ... their Christmas presents, that people are

able to go to the store and get what they need—getting these goods off containers, onto shelves across the country,” Garcia added.

Congestion at the ports began last year in large part due to the COVID-19 pandemic, which highlighted long-standing issues within various sections of the supply chain. Port closures in China coupled with a shift in purchasing to more e-commerce has been setting records at the Long Beach and LA ports almost every month after an initial slowdown at the start of the pandemic.

Container ships sitting idle off the California coast, waiting for their turn to dock, has become the norm. On average, ships are waiting 10 days, Port of Long Beach Executive Director Mario Cordero said during an Oct. 27 virtual press conference. Earlier this month, there were 79 container ships at anchor or adrift off the coast, according to the Marine Exchange of Southern California.

The San Pedro Bay ports already

have taken steps in an attempt to ease the backlog of ships and containers, including a pilot program at Long Beach’s Pier T that expanded operations to 24 hours a day Monday through Thursday. The complex also has announced a surcharge for containers that sit at the port for extended periods of time.

The city also suspended a section of its municipal code to allow shipping containers to be stacked higher in areas located almost exclusively in West and North Long Beach industrial zones. During its Nov. 9 meeting, the City Council formally approved the emergency order issued by City Manager Tom Modica on Oct. 22.

During the press conference, Padilla also used the opportunity to advocate for the Build Back Better Act, saying he and Barragán are pushing for additional port funding specifically for initiatives to reduce pollution.

“We have a historic opportunity,” Padilla said, to “promote environmental justice in our supply chain.” ■

## Port of Long Beach sees busy October despite cargo congestion

BY ALENA MASCHKE / Reporter

The Port of Long Beach marked its second-busiest October on record last month, despite capacity limitations at marine terminals that have impeded cargo flows at the port.

Dockworkers and terminal operators moved 789,716 20-foot equivalent units (TEUs), down 2.1% from the same month last year, which was the port’s strongest October on record. Imports decreased 4.3% to 385,000 TEUs, while exports increased 6.6% to 122,214 TEUs. Empty containers moved through the port declined 2.4% to 282,502 TEUs.

“Every sector of the supply chain has reached capacity and it is time for all of us to step up and get these goods delivered,” said Port of Long Beach Executive Director Mario Cordero.

Port officials, state legislators and the federal government have implemented several programs to combat the backlog at the San Pedro Bay ports in recent weeks, including an initiative to identify vacant land where containers can be stored, an ongoing transition to expanded hours of operation at terminals, and announcing a fee to push ocean carriers to remove their containers from the port more quickly.

“We’re doing everything we can with help from the supply chain to get goods off the ships and onto store shelves in time for the holidays,” said Long Beach Harbor Commission President Steven Neal.

Experts say one reason for the enormous backlog of ships idling in the bay has been a significant increase in online shopping during the pandemic. Consumer spending slightly lagged in early fall, but remains above pre-pandemic levels, port officials said.

In total, the Port of Long Beach has moved 7,884,565 TEUs during the first 10 months of 2021, up 21% from the same period in 2020. According to officials, the port is on pace to move more than 9 million TEUs by the end of this year, surpassing the current record of 8.1 million TEUs in 2020. ■



Local leaders listen as Gov. Gavin Newsom discusses the supply chain crisis Tuesday, Nov. 17, 2021. From left: Los Angeles Mayor Eric Garcetti, Port of LA Executive Director Gene Seroka, Long Beach Mayor Robert Garcia and Port of Long Beach Executive Director Mario Cordero. Photo by Brandon Richardson.

## Newsom Vows

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vowed that the ports, particularly in Long Beach and Los Angeles, would get their fair share of funding from the Infrastructure Investment and Jobs Act.

“We’d like to get all \$17 billion, but we’re not naive,” Newsom said, referring to the portion of the funding that’s been allocated for ports and waterways nationwide. The Port of Savannah, Newsom said, has received far more federal funding than California ports over the last decade, despite the Golden State’s much higher cargo volumes.

“In many respects, that’s on us,” Newsom continued. “No more. We are going to be front and center. We’re going to be aggressive. We’re going to be bold, and we’re going to demand our fair share of investment.”

The twin ports of LA and Long Beach are the busiest in the country, bringing in 40% of U.S. imports.

“For too long we have seen money generated by these ports exported to other states and other parts of America,” Los Angeles Mayor Eric Garcetti said during the briefing. “It is time for Washington to help us spend that money right here. It’s not just good for Los Angeles and Long Beach; it is good for America.”

The facilities are at the heart of a global supply chain crisis that has upward of 83 container ships idling off the California coast, waiting their turn at one of the ports. Funding from the infrastructure bill will be used on projects to reinforce operations at the ports, including on-dock rail, roads, electrification and more.

“We have the infrastructure of what our grandparents had,” ILWU International President Willie Adams

said. “I hope everyone understands the gravity of this moment.”

During the press event, Newsom touted some efforts already made at the state level to address the ongoing supply chain bottleneck beyond the ports themselves, including the announcement of temporary permits to increase truck weight limits from 80,000 pounds to 88,000 pounds through June 30, 2022.

Newsom said the state has identified 42 sites that could potentially be used for container storage, further alleviating congestion on docks. There were three criteria for the sites, Newsom said: They had to be powered, at least 3 acres and within 100 miles of the port complex.

The governor also touted the Nov. 10 announcement that the California Department of Motor Vehicles extended operating hours at 15 locations—mostly in Southern California—allowing the state to nearly double the number of monthly commercial driving tests, from 5,000 to 9,700.

In addition to funding for ports and waterways, Newsom said the state also is receiving \$25.3 billion for highways, \$4.5 billion for bridges and \$3.5 billion for water and sewage infrastructure.

“What we’re seeing here is success—the men and women that are working these ports are doing unprecedented amounts of work at unprecedented speed and scale,” Newsom said. The current crisis “is not because they are not doing an extraordinary job. It’s because of extraordinary demand.”

The Nov. 17 press event came the day after U.S. Secretary of Transportation Pete Buttigieg joined Port of Los Angeles Executive Director Gene Seroka for a virtual press briefing on the same topic. During the briefing, Seroka said the Port of LA handled

about 900,000 20-foot equivalent units—the standard measure of shipping containers—in October, an 8% decline from a year before, which was one of the busiest months in the port’s 114-year history.

The Port of Long Beach also recently announced that last month was its second-busiest October on record, having handled just under 790,000 TEUs.

During his briefing, Seroka said the twin ports’ announcement that it would charge shippers for containers that sit at docks for an excessive number of days has already resulted in a significant reduction. In LA, the number of containers that would fall under the penalty—the collection of which has been postponed multiple times—decreased 25%, from about 95,000 in late October to 71,000.

According to Port of Long Beach

data, the number of containers has decreased 27% from over 30,000 to about 18,500, as of earlier this month.

Seroka noted that only about one-third of the ships idling off the coast are the traditional transpacific vessels that would call on the ports. The other two-thirds are newcomers to the transpacific route, having been shifted from other routes and services to take advantage of the surge.

Many of the newcomers are arriving at ports without an appointment, which is partially to blame for the backlog of ships. For LA, ships are waiting an average of 16 days to dock, spokesman Phillip Sanfield said in an email.

Sweeper ships—vessels that arrive at the ports empty with the sole purpose of picking up empty containers—have been used increasingly to clear docks at both ports, officials confirmed. The ships make way for incoming containers and allow empties to be redirected to Asia more quickly for the next round of imports.

Within the next 45 days, the federal government is going to announce \$230 million in funding from the existing Port Infrastructure Development Grant Program, Buttigieg said. And within 90 days, the government will open the first round of funding from the new infrastructure bill, he added.

Buttigieg said the trucking industry needs an overhaul for the future of the supply chain to be strong.

“We’ve got to make truck driving a more attractive and more well-paid profession,” Buttigieg said. “We’ve been engaging the trucking industry since the summer to highlight practices we think could reduce those very high turnover levels that we’re seeing.”

The secretary also touted the BNSF Railway and United Pacific Railroad rebates that incentivize shippers to bring cargo into their San Pedro Bay terminals on weekends, which are historically slower than weekdays. The \$50 rebate is per container.

At the Port of Long Beach, meanwhile, Garcetti said the investment in the twin ports will have a widespread impact.

“These ports move California, but they also move America,” he said. “They are of national importance.” ■



John Porcari, port envoy to the Biden administration, speaks about the supply chain crisis during a press briefing at the Port of Long Beach Tuesday, Nov. 17, 2021. Photo by Brandon Richardson.



U.S. Senator Alex Padilla, center, speaks during a press conference at the Port of Long Beach flanked by Rep. Nanette Barragán and Mayor Robert Garcia Friday, Nov. 12, 2021. Photo by Brandon Richardson.



## A photograph of a rocket launch. The rocket is ascending vertically, leaving a large plume of white smoke and fire at its base. A service structure is visible on the left side of the launch pad.

Two more Earth-imaging satellites are orbiting the planet after a successful flight aboard Long Beach-

The “launch was a masterclass from an incredible team of engineers on how to successfully deliver customers’

BlackSky has dedicated more satellites to Rocket Lab than it has any other launch provider, according to the Nov. 17 announcement.

"This is our third successful proof of concept recovery mission, and further cements Electron as the leading launch vehicle for the small satellite market," Beck said. "We are all excited to move onto the next phase of reusability next year: catching Electron in the air with a helicopter." ■

# CITY OF LONG BEACH BID OPPORTUNITIES

<u>TITLE</u>	<u>BID NUMBER</u>	<u>DUE DATE</u>
Purchase of 2 current year electric Crown Forklift, Model SC 5225-35	ITB FS 22-003	12/07/2021
Telescopic Handler	ITB FS22-004	12/08/2021
Apparel with Embroidery and Screen-Print	ITB LB21-099	12/09/2021
Purchase of (1) Harben Pressure Water Jetter	ITB FS 22-005	12/09/2021
Furnish & Deliver Meter Boxes, Covers, Water Meters, AMI Registers & Related Items	WD-03-22	12/09/2021
Job Order Contract Pre-Qualification	R-7193	12/10/2021
Autocar Xpeditor Highway Line Striper Truck, CNG	ITB FS 22-006	12/16/2021
Special Event Equipment Rental	RFP PR22-008	12/21/2021
Filter #3 Inspection, Repair & Media Replacement Professional Services	RFP	12/21/2021
RFP - Well Asset Management Project	WR-2101	12/22/2021

### Bidder Registration

To receive notifications of bid opportunities, register with the City of Long Beach at [www.longbeach.gov/finance/business-info/purchasing-division/purchasing-division/](http://www.longbeach.gov/finance/business-info/purchasing-division/purchasing-division/) Additional details on upcoming bids and how to register can be found on the website.

## AUTO LIEN SALE AUCTION

3111 E. Willow Street  
Long Beach, CA 90806  
(562) 570-2828

Dec. 7 & 14, 2021  
Registration & Viewing Hours:  
8:00 A.M. – 9:50 A.M.

<http://www.longbeach.gov/finance/services-and-permits/towing-and-lien-sales/auction/>

For more information about investing or starting a business on Santa Fe, go to [LBEP.org](http://LBEP.org).





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Certified Buildings Developed

6,800,000



Gallons of  
water saved

1,600,000



Kilowatts of  
energy saved

15,200,000



Dollars in energy  
cost savings

2,100,000



Metric tons of construction  
waste diverted from landfills

108

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