

Staff Report 48

APPLICANT:

Nathan Chen and Jennie Chen, Trustees of the Nathan Chen Family Trust

PROPOSED ACTION:

Issuance of a General Lease – Recreational and Protective Structure Use

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Main Channel of Huntington Harbour, adjacent to 16641 Carousel Lane, Huntington Beach, Orange County (as shown in Figure 1).

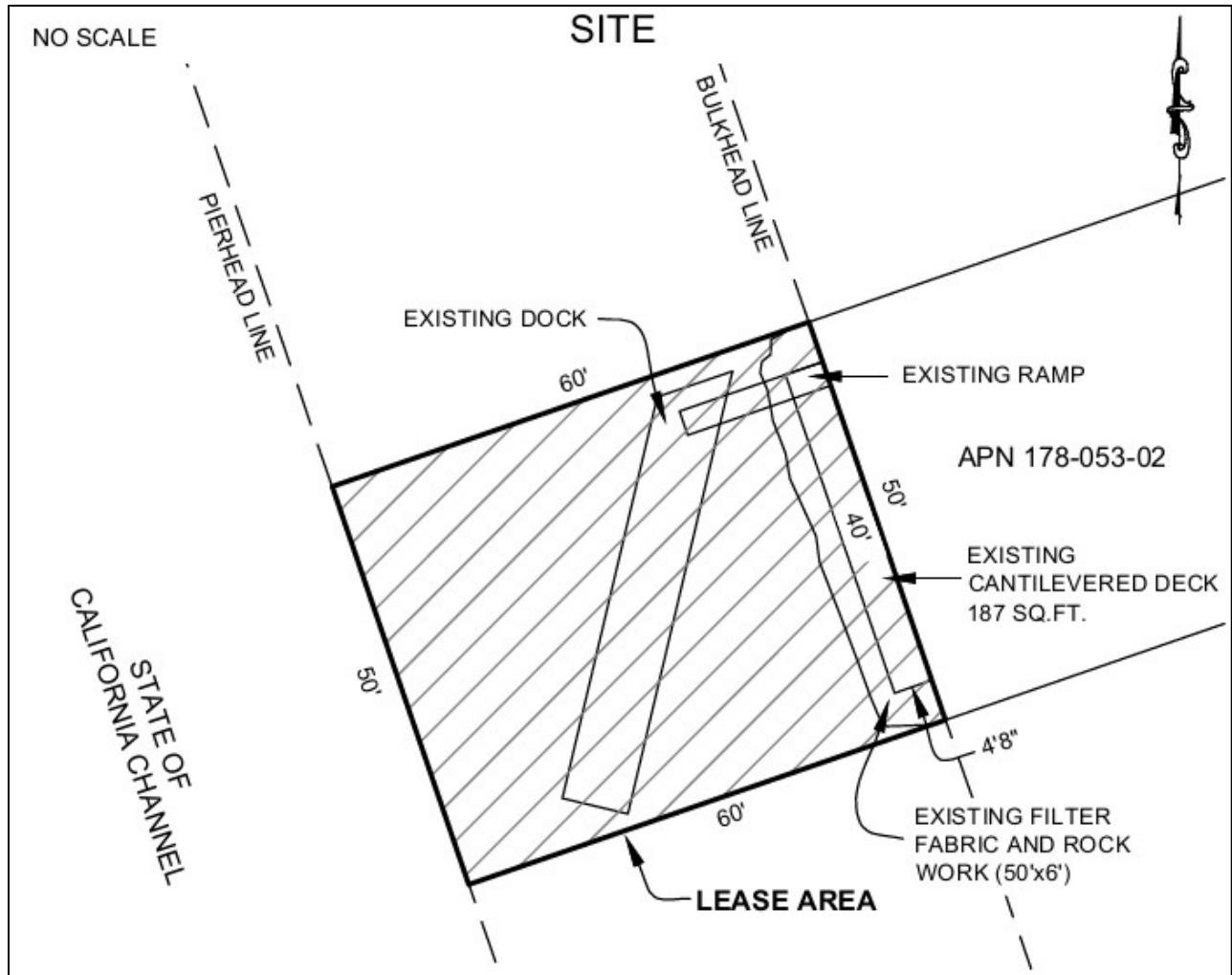
Figure 1. Location



AUTHORIZED USE:

Use and maintenance of an existing boat dock, access ramp, cantilevered deck, and bulkhead protection (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

10 years, beginning May 1, 2023.

CONSIDERATION:

Boat Dock, access ramp, and cantilevered deck: \$3,196 per year, with an annual Consumer Price Index adjustment.

Bulkhead protection: The public use and benefit, with the State reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest.

Compensation: \$1,051 for the unauthorized occupation of state land from January 1, 2023 through April 30, 2023.

SPECIFIC LEASE PROVISIONS:

- Liability insurance in an amount no less than \$1,000,000 per occurrence.
- Lessee agrees and acknowledges that the hazards associated with climate change may require additional maintenance or protection strategies regarding the improvements on the lease premises.
- Lessee agrees the provisions of Section 3, Paragraph 8 shall also extend to the period of Lessee's unauthorized occupation of state-owned lands, from January 1, 2022 through April 30, 2023.
- Lessee shall not construct, or allow to be constructed, a permanent roof or other enclosure on the Lease Premises.
- Lessee agrees that any proposed use of the Lease Premises that includes extension of the actual living quarters constitutes residential use and is prohibited.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6321, 6321.2, 6501.1, 6503, 6503.5, and 6505.5; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

On March 29, 2012, the Commission authorized a General Lease - Recreational and Protective Structure Use to Nathan Chen and Jennie Chen, Trustees of the Nathan Chen Family Trust, for the use and maintenance of an existing boat dock, access ramp, cantilevered deck, and bulkhead protection adjacent to 16641 Carousel Lane, Huntington Beach, Orange County ([Item C81, March 29, 2012](#)). On August 14, 2012, the Commission authorized rescission and reissuance of this lease in order to correct the dimensions of the cantilevered deck authorized by the lease ([Item C71, August 14, 2012](#)). On November 29, 2017, staff performed a rent review as directed by lease terms and conditions ([Item C45, November 29, 2017](#)). This resulted in the modification of annual rent from \$1,941 to \$2,525. This Lease expired on December 31, 2021.

The Applicant is now applying for a General Lease – Recreational and Protective Structure Use for the use and maintenance of the existing boat dock, access ramp, cantilevered deck, and bulkhead protection. Staff recommends issuance of a

General Lease – Recreational and Protective Structure Use to the Applicant, to take effect on May 1, 2023.

Following the expiration of the previous lease, the Applicant, who is also the Lessee of the previous lease, paid rent for the period of January 1, 2022 through December 31, 2022. Thus, during this period, the previous lease was in holdover, the provisions of the lease remained in effect, and the State was duly compensated for the occupation of State land. However, unauthorized occupation of State land by the subject boat dock, access ramp, cantilevered deck, and bulkhead protection did occur for the period beginning January 1, 2023 through April 30, 2023. The Applicant will pay \$1,051 in compensation for this unauthorized occupation of State land. Additionally, the proposed lease will require the Applicant to indemnify the State for the entire period of unauthorized occupation, ensuring the State is protected.

The subject facilities are privately owned and maintained and have existed at this location for many years. The boat dock and access ramp are used for the docking and mooring of recreational boats. Recreational boating is water-dependent and is generally consistent with the common law Public Trust Doctrine. The California Legislature has identified private recreational boating facilities as an authorized use of Public Trust lands (Pub. Resources Code, § 6503.5).

The existing bulkhead protection on the Lease Premises serves to stabilize the bank, prevent erosion, support the integrity of the channel, and help ensure that the channel remains navigable. Loss or degradation of this structure could result in property damage and public safety concerns within the lease area and surrounding waterways. The bulkhead protection provides a benefit to the public and does not negatively impact the Public Trust uses in this location.

The existing cantilevered deck is connected to the upland residence. Residential use is generally not consistent with the Public Trust Doctrine; however, the cantilevered deck extends no more than 5 feet over the Main Channel and does not substantially interfere with the public's right of navigation or access. Because the cantilevered deck serves as an extension of the upland property's private backyard, proposed rent for the deck is calculated utilizing a benchmark rate based on nearby upland land values to ensure the State receives appropriate compensation for this use of sovereign land.

The Lease Premises are located in the Main Channel in Huntington Harbour. The Main Channel was created in the early 1960s, and the State of California acquired fee ownership of this channel in 1962. The upland parcel adjacent to the Lease Premises is privately owned and developed with a residence. There is no public access at this location because the private upland property directly abuts the

concrete bulkhead that defines the limits of the channel. However, the boat dock on the Lease Premises terminates at the pierhead line which leaves the majority of the Main Channel available for navigation and public recreation.

The proposed lease does not alienate the State's fee simple interest or permanently impair public rights. The lease is limited to a 10-year term, does not grant the lessee exclusive rights to the leased premises, and imposes special conditions regarding use of the cantilevered deck. Upon termination of the lease, the lessee may be required to remove all improvements from State land. The proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. The lease also requires the payment of annual rent to compensate the people of the State for the use of public land.

CLIMATE CHANGE:

Climate change impacts, including sea level rise, increased wave activity, storm events, and flooding are not limited to the open coast. The existing structures subject to the proposed lease are located within the Huntington Harbour development, along an inland, navigable, tidally influenced channel, and may be vulnerable to the impacts of sea level rise. Huntington Harbour is built near sea level elevation, and as a result is vulnerable to flooding and storm surge events. Huntington Harbour is adjacent to two wetlands, Bolsa Chica and the Seal Beach National Wildlife Refuge, which could act as natural buffers to storm surges and lessen flood risks.

The California Ocean Protection Council updated the *State of California Sea-Level Rise Guidance* in 2018 to provide a synthesis of the best available science on sea level rise projections and rates. Commission staff evaluated the “high emissions,” “medium-high risk aversion” scenario to apply a conservative approach based on both current emission trajectories and the lease location and structures. The Los Angeles tide gauge was used for the projected sea level rise scenario for the lease area as listed in Table 1.

Table 1. Projected Sea Level Rise for Los Angeles

Year	Projection (feet)
2030	0.7
2040	1.2
2050	1.8
2100	6.7

Source: Table 28, [State of California Sea-Level Rise Guidance: 2018 Update](#)

Note: Projections are with respect to a 1991 to 2009 baseline.

As stated in [Safeguarding California Plan: 2018 Update](#) (California Natural Resources Agency 2018), climate change is projected to increase the frequency and severity of natural disasters related to flooding, drought, and storms (especially when coupled with sea level rise). The combination of these conditions will likely result in increased wave run up, storm surge, and flooding in coastal and near coastal areas. In tidally influenced waterways, more frequent and powerful storms can result in increased flooding conditions and damage from storm-created debris. Climate change and sea level rise will further influence coastal and riverine areas by changing erosion and sedimentation rates. Beaches, coastal landscapes, and near-coastal riverine areas will be exposed to increased wave force and run up, potentially resulting in greater beach or bank erosion than previously experienced.

This increase in sea level combined with more frequent and stronger storm events will likely expose the lease area structures to higher flood risks, comprised of greater total water levels for longer periods of time. Flooding conditions could cause structures to be damaged or dislodged, presenting hazards to public safety as well as dangers for navigation within the channel. The fixed features may need to be raised or reinforced to withstand future conditions.

More locally based knowledge of sea level rise impacts and adaptation strategies will be available to Huntington Harbour residents as a result of the ongoing efforts to update the City of Huntington Beach's Local Coastal Program and General Plan, and through the city's Coastal Resiliency Task Force.

Regular maintenance, as referenced in the lease, may reduce the likelihood of severe structural degradation or dislodgement. Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and adjacent upland (not within the lease area) are located in an area that may be subject to the effects of climate change, including sea level rise.

CONCLUSION:

For all the reasons above, Commission staff believes the issuance of this lease will not substantially interfere with Public Trust needs at this location, at this time, and for the foreseeable term of the proposed lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of an application is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law. If the Commission denies the

application, the Applicant may be required to remove the existing boat dock, access ramp, cantilevered deck, and bulkhead protection, and restore the premises to their original condition. The lessee has no right to a new lease or renewal of any previous lease.

2. This action is consistent with the “Leading Climate Activism” and “Meeting Evolving Public Trust Needs” Strategic Focus Areas of the Commission’s 2021-2025 Strategic Plan.
3. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300, and California Code of Regulations, title 2, section 2905.

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

PUBLIC TRUST AND STATE’S BEST INTERESTS:

1. Find that the existing and, for a limited period, continuing use and maintenance of the existing boat dock, and access ramp will not substantially interfere with Public Trust needs and values at this location and are consistent with the common law Public Trust Doctrine; and
2. Find that the existing and, for a limited period, continuing use and maintenance of the existing cantilevered deck and bulkhead protection is not generally consistent with the Public Trust Doctrine, but the current use does not substantially interfere with the Public Trust; and
3. Find that issuing the proposed lease is in the best interests of the State.

AUTHORIZATION:

1. Authorize acceptance of compensation from the applicant in the amount of \$1,051 for the unauthorized occupation of State lands for the period of January 1, 2023 through April 30, 2023.
2. Authorize issuance of a General Lease – Recreational and Protective Structure Use to the Applicant beginning May 1, 2023, for a term of 10 years, for the use and maintenance of an existing boat dock, access ramp, cantilevered deck, and bulkhead protection; annual rent in the amount of \$3,196, with an annual Consumer Price Index adjustment; and liability insurance in an amount no less than \$1,000,000 per occurrence.