



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 3, 2021

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 1

SUBJECT: LEASE AGREEMENT WITH THE COUNTY OF RIVERSIDE TO FACILITATE \$2,338,176 IN BUILDING RENOVATIONS OF A CITY-OWNED PROPERTY LOCATED AT 2800 HULEN PLACE, AND OPERATIONS OF A SAFE HAVEN PERMANENT SUPPORTIVE HOUSING PROGRAM ADMINISTERED BY THE RIVERSIDE UNIVERSITY HEALTH SYSTEMS – BEHAVIORAL HEALTH, FOR A TEN-YEAR PERIOD WITH TWO ADDITIONAL FIVE-YEAR RENEWAL TERMS – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approval of a Lease Agreement with the County of Riverside to facilitate \$2,338,176 in building renovations of a City-owned property located at 2800 Hulen Place, and operations of a Safe Haven Permanent Supportive Housing Program administered by the Riverside University Health Systems – Behavioral Health, for a ten-year period.

RECOMMENDATIONS:

That the City Council:

1. Approve a Lease Agreement with the County of Riverside to facilitate \$2,338,176 in building renovations of a City-owned property located at 2800 Hulen Place, and operations of a Safe Haven Permanent Supportive Housing Program administered by the Riverside University Health Systems – Behavioral Health, for a ten-year period with two additional five-year renewal terms.
2. Authorize the City Manager, or his designee, to execute a Lease Agreement with the County of Riverside for 2880 Hulen Place, including making minor and non-substantive changes; and
3. With at least five affirmative votes, record an increase in revenue in the amount of \$2,338,176 to the Grants and Restricted Programs Fund, 2880 Hulen Rehab Program and a supplemental appropriation in an equal amount in the 2880 Hulen Rehab Program expenditures account.

BACKGROUND:

On June 14, 2005, the City Council approved the purchase of an approximately 8,700 square foot building located at 2800 Hulen Place to expand supportive services for the homeless in partnership with the County of Riverside (County). On August 25, 2006, the City entered into a

two-year lease agreement with the County to utilize approximately two-thirds of the space in the building to establish a Safe Haven Permanent Supportive Housing (PSH) Program called The Place for behavioral health clients. The Place currently houses 25 behavioral health clients on a permanent basis with 24-hour case management and supportive services. This Lease was subsequently extended through amendments dated March 23, 2012, June 23, 2015, and February 6, 2020. The County is currently occupying the building under a month-by-month payment clause in the original Lease.

DISCUSSION:

The County and City have negotiated a new lease for the City-owned property located at the 2800 Hulen building that would include the build out of the remaining warehouse space to be completed by the City and funded by the County. The County will pay a minimum sum of \$1 annually in exchange for operating a 33 unit Safe Have Supportive Housing Program and providing vital homeless services to behavioral health clients on the Hulen Homeless Service Campus. The County will assume all upkeep and maintenance of the building. Building improvements under the new lease will increase building occupancy from the current capacity of 25 clients in 13 shared bedrooms to 33 clients with individual bedrooms. The expansion would yield eight additional bedrooms and a multi-purpose space. The term of the new lease agreement is ten years with two additional five-year renewal terms.

Renovation: As part of the new lease, the County is offering to reimburse the City \$2,338,176 (\$2,125,615 plus a contingency amount of \$212,561) to perform substantial tenant improvements to the building which would replace all major mechanical systems, rebuild the interior of the structure, and add additional client capacity in 1/3 of the building that is currently used as storage. An up-front sum of \$250,000 will be paid by the County 45-days after lease execution to pay for initial building rehabilitation costs. The County will also be responsible for temporarily relocating 25 PSH clients during the renovations.

FISCAL IMPACT:

The fiscal impact of this recommendation is \$2,338,176. Upon Council approval of the recommendations in this report, an amount of \$2,338,176 will be recorded in the Grants and Restricted Programs Fund, 2880 Hulen Rehab Program revenue account number 9920000-339000 an equal amount appropriated in the 2880 Hulen Rehab Program expenditure account number 9920000-440309. The County will also pay the City an annual lease payment of \$1 to be received into the Hulen Place Account Number No. 2855301-373100.

Prepared by: Michelle Davis, Housing Authority Manager
Certified as to
availability of funds: Edward Enriquez, Chief Finance Officer/City Treasurer
Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Lease Agreement