



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 16, 2021

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 1

SUBJECT: FIRST AMENDMENT TO LEASE AGREEMENT WITH HELPING HEARTS HULEN, LLC TO EXTEND THE TENANT IMPROVEMENT COMPLETION DEADLINE TO DECEMBER 31, 2021 FOR THE OPERATION OF A MENTAL HEALTH BRIDGE HOUSING PROGRAM FOR HOMELESS INDIVIDUALS LOCATED AT 2801 HULEN PLACE

ISSUE:

Approval of a First Amendment to Lease Agreement with Helping Hearts Hulen, LLC to extend the tenant improvement completion deadline to December 31, 2021 for the operation of a mental health bridge housing program located at 2801 Hulen Place.

RECOMMENDATIONS:

That the City Council:

1. Approve a First Amendment to Lease Agreement with Helping Hearts Hulen, LLC to extend the tenant improvement completion deadline to December 31, 2021 for the operation of a mental health bridge housing program at 2801 Hulen Place; and
2. Authorize the City Manager, or his designee, to execute the First Amendment to Lease Agreement, including making minor, non-substantive changes, and to sign all documents and instruments necessary to complete this transaction.

BACKGROUND:

On April 2, 2019, the City of Riverside authorized \$650,000 in Measure Z funds to build out the proposed mental health component of the Hulen Place Campus. This would expand the availability of mental health services by adding 28 beds in partnership with Helping Hearts.

On June 10, 2019, Helping Hearts California received \$150,000 from Inland Empire Health Plan to fund its share of building renovations in furtherance of expanding behavioral health services at Hulen Place while in negotiations with the City to lease the property located at 2801 Hulen Place.

On April 21, 2020, the City Council approved a Lease Agreement with Helping Hearts Hulen, LLC to rehabilitate 2801 Hulen Place and operate a 28 interim housing beds for homeless individuals with

behavioral health needs coupled with supportive services who do not need immediate crisis stabilization in a restrictive psychiatric setting. The program will assist a minimum of 60 homeless individuals annually. When the residents can live independently, they will graduate into permanent housing. The Lease specified completion of tenant improvements by no later than mid-November of 2020.

DISCUSSION:

The property was vacant for approximately two years and requires a full renovation and substantial structural improvements under the current Lease. Due to labor and materials shortages related to Covid-19, Helping Hearts Hulen, LLC is requesting additional time to complete tenant improvements mandated under the original Lease Agreement to no later than December 31, 2021. The Lease also notes that budget line items are subject to change and line item budget surpluses may be applied to offset line item budget deficits.

After the complete renovation of the property, Helping Hearts Hulen, LLC will operate a 24-hour, 7-day, behavioral health program to be opened in late 2021/early 2022.

FISCAL IMPACT:

There is no fiscal impact related to extending the tenant improvement completion deadline.

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| Prepared by: | Michelle Davis, Housing Authority Manager |
| Certified as to | |
| Availability of funds: | Edward Enriquez, Chief Financial Officer / City Treasurer |
| Approved by: | Moises Lopez, Deputy City Manager |
| Approved as to form: | Kristi J. Smith, Interim City Attorney |

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| Attachment: | First Amendment to Lease Amendment |
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