

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

**RESOLUTION NO. 2023-XXX**

**CITY OF SAN LEANDRO CITY COUNCIL RESOLUTION APPROVING A GROUND LEASE WITH REHABILITATION GRANT AND OPERATING SUBSIDY AGREEMENT WITH HOUSING CONSORTIUM OF THE EAST BAY, INC. TO DEVELOP AND OPERATE 555 LEWELLING BOULEVARD AS AN INTERIM HOMELESS SHELTER AND NAVIGATION CENTER**

**WHEREAS**, the City previously entered into a purchase and sale agreement to acquire the Nimitz Motel located at 555 Lewelling Boulevard (the "Property") in order to facilitate the development of an interim navigation center and shelter thereon; and

**WHEREAS**, the City anticipates closing escrow on the purchase of the Property on or around October 30, 2023; and

**WHEREAS**, the Property requires renovations so that it will be suitable for use as an interim navigation center and shelter; and

**WHEREAS**, the City and Housing Consortium of the East Bay, Inc., (HCEB) have partnered to jointly apply for funding from State Project HomeKey Round 3 to support the proposed project; and

**WHEREAS**, HCEB has experience developing a variety of types of shelter and affordable housing types, and is qualified to manage the renovation of 555 Lewelling; and

**WHEREAS**, the City desires to lease the Property to HCEB for the purpose of HCEB developing the interim navigation center and shelter thereon; and

**WHEREAS**, the ground lease will be for a term of 5 years, with the possibility of up to 5 one year extensions, for a maximum term of 10 years, with an annual rent of \$1 per year; and

**WHEREAS**, as part of the ground lease agreement, the City desires to provide HCEB with a rehabilitation grant for an amount of up to \$5.2 million in order to partially finance the predevelopment costs, as well as hard and soft costs, of developing the interim navigation center and shelter on the Property; and

**WHEREAS**, HCEB will contract directly with the local homeless and domestic violence services nonprofit Cornerstone Community Development Corporation, also known as Building Futures, to be the on-site supportive services provider, along with any other needed nonprofit service providers; and

**WHEREAS**, the City and HCEB desire to enter into an Operating Subsidy Agreement with a term of 5 years in order for the City to provide financial support for the operation of the interim navigation center and shelter; and

**WHEREAS**, pursuant to the Operating Subsidy Agreement, the City will provide HCEB with a grant to cover the costs of operating the interim navigation center and shelter, including providing related services; and

**WHEREAS**, the amount of the Operating Subsidy Agreement for the first year will not exceed \$2.2 million, with a total amount not to exceed \$9.6 million over the 5 year term of the agreement, subject to the

annual appropriation by the City Council; and

**WHEREAS**, the City Council desires to approve the Ground Lease and Operating Subsidy Agreement and authorize the City Manager to negotiate the final detailed terms of such agreements.

**NOW THEREFORE**, the City Council of the City of San Leandro does RESOLVE that:

1. The above Recitals are true, correct, and made a part of this Resolution; and
2. The City Council approves the Ground Lease with HCEB for the lease of 555 Lewelling for a term of 5 years, with the possibility of up to 5 one-year extensions, with an annual rent of \$1 per year, and a rehabilitation grant in an amount not to exceed \$5.2 million; and
3. The City Council approves the Operating Subsidy Agreement with HCEB for a total amount not to exceed \$9.6 million over the 5 year term of the agreement, subject to the annual appropriation by the City Council; and
4. The City Manager is authorize to execute the Ground Lease with Rehabilitation Grant and Operating Subsidy Agreement in substantially the form on file with the City Clerk, and to negotiate edits and changes to both agreements, subject to approval as to form by the City Attorney; and
5. The City Manager is authorized and directed to take all other actions necessary to carry out the purpose and intent of this resolution.

Introduced by Councilmember \_\_\_\_\_ and passed and adopted this 16<sup>th</sup> day of October 2023, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST: \_\_\_\_\_

Kelly B. Clancy, CMC  
City Clerk