



Legislation Text

File #: 23-393, **Version:** 1

Adopt a Resolution to Approve and Authorize the City Manager to Execute an Asset Purchase and Sale Agreement and Assignment of Lease in an Amount Not to Exceed \$147,270 for the Super 5 Chinese Restaurant Located in the Nimitz Motel at 555 Lewelling Boulevard

COUNCIL PRIORITY

- Housing and Homelessness
- Race and Equity Initiatives

SUMMARY

The City is in escrow to purchase the Nimitz Motel located at 555 Lewelling Blvd with the intent to convert the motel into an interim navigation center/shelter for unhoused individuals and eventually into a longer-term permanent supportive housing development. The Super 5 Chinese Kitchen (aka Super 5 Kitchen, Inc.) is a restaurant that operates on the ground floor of the motel. Based on mutual and voluntary negotiations over the past year with the owner of the Super 5 Chinese Kitchen ("Restaurant"), the City proposes to purchase the leasehold interest of the Restaurant to convert it into a dining/community room for the interim shelter/navigation center clientele.

RECOMMENDATIONS

Staff recommends that the City Council adopt the resolution that approves and authorizes the City Manager to execute the Asset Purchase and Sale Agreement and Assignment of Lease for the Super 5 Chinese Kitchen.

BACKGROUND

On March 21, 2022, the City Council approved the existing Purchase and Sale Agreement to acquire the Nimitz Motel. The City recently re-submitted a grant application for State Project Homekey Program funding in early June 2023 and is currently awaiting the State's funding decision.

The City contracted in early 2022 with AutoTemp, an experienced relocation firm, to ensure the City complies with State and federal relocation requirements for eligible longer term motel residents and the Restaurant.

Analysis

Per State and federal relocation regulations, the Restaurant is ineligible for relocation assistance.

However, the Restaurant informed the City over a year ago that it was interested in relinquishing its lease with the motel owner. The City has been in voluntary negotiations with the Restaurant owner and hired a certified Restaurant appraiser in early 2023 to assist in valuing the business. The appraiser's final report valued the Restaurant at \$147,270, which reflects the City's offer price. The Restaurant owner has agreed to this price. The transaction with the Restaurant is separate from the current escrow to purchase the motel and must occur by or before close of escrow.

Previous Actions

- March 21, 2022 - City Council approved a purchase and sale agreement for acquisition of the Nimitz Motel at 555 Lewelling Blvd.
- October 17, 2022 - City Council approved extension of the PSA to March 15, 2023.
- June 5, 2023 - City Council approved resolutions to apply for State Project Homekey Round 3 funding and a Final Anti-Displacement/Relocation Plan.

Applicable General Plan Policies

- **Goal 58: Special Needs Populations** - Proactively address the special housing needs of the community, including seniors, disabled individuals, single parents, large families, and the homeless.
 - Action 58.09-B Transitional/Permanent Supportive Housing - Continue to provide financial support to develop and operate supportive and transitional housing facilities, including those located in nearby communities that are accessible to persons who are homeless or at risk of homelessness in San Leandro
 - Policy 58.11 Service Enriched Housing - Promote social services and programs in affordable housing projects that assist lower-income households in obtaining the financial resources needed to increase and stabilize their housing choices in the City.

Environmental Review

No review or approval of the Asset Purchase and Sale Agreement and Assignment of Lease Agreement is required under the California Environmental Quality Act ("CEQA") per the existing facilities exemption.

Legal Analysis

The City Attorney's Office prepared the asset purchase and sale and assignment of lease agreement and has reviewed and approved the staff report and resolution.

Financial Impacts

The revenue source for the \$147,270 will be the City's Affordable Housing Asset Fund, (Fund 168), which has an available balance of over one million dollars. The Affordable Housing Asset Fund reflects revenue primarily from repayment of former Redevelopment Housing Set-Aside loans to affordable housing projects and must be used on affordable housing and homeless housing activities.

The purchase of the Restaurant via the Asset PSA/Assignment of Lease is essential to the development and operation of the proposed interim homeless shelter/navigation center because the Restaurant space will be renovated for client use as a dining and community space.

ATTACHMENT

- ***Attachment A: Resolution Approving Super 5 Kitchen Purchase Sale Agreement/Assignment of Lease***
 - *Ex A1: Super 5 Kitchen PSA/Assignment of Lease*

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