



CITY COUNCIL AGENDA REPORT

MEETING DATE: FEBRUARY 19, 2019

ITEM NUMBER: NB-1

SUBJECT: APPROVAL OF A LEASE AGREEMENT WITH THE COSTA MESA LIGHTHOUSE CHURCH OF THE NAZARENE FOR USE OF A PORTION OF EXISTING PROPERTY TO BE UTILIZED AS THE CITY'S TEMPORARY BRIDGE SHELTER

DATE: FEBRUARY 15, 2019

FROM: PARKS AND COMMUNITY SERVICES DEPARTMENT

PRESENTATION BY: JUSTIN MARTIN, PARKS AND COMMUNITY SERVICES DIRECTOR

FOR FURTHER INFORMATION CONTACT: JUSTIN MARTIN, PARKS AND COMMUNITY SERVICES DIRECTOR, 714 754-5065

RECOMMENDATIONS:

Staff recommends that the City Council:

1. Approve the Commercial Lease Agreement and Addendum 1 (Lease) between the City of Costa Mesa and the Costa Mesa Lighthouse Church of the Nazarene (Property Owner) to allow the City to utilize a portion of the existing property for a temporary bridge shelter for those experiencing homelessness;
2. Authorize the Acting City Manager and City Clerk to execute the proposed Lease and future authorized changes and amendments to the agreement;
3. Authorize the creation of an escrow account for the lease payments from the City to the Property Owner; and
4. Authorize a budget adjustment from unassigned fund balance in the General Fund in the amount of \$480,000 to fund the lease payments, modular trailer rentals and additional equipment and furniture that will eventually be moved to the permanent bridge shelter.

BACKGROUND:

During the January 15, 2019 City Council meeting, the City Council unanimously directed staff to negotiate a facility use/lease agreement with the Lighthouse Church of the Nazarene, to utilize a portion of its existing property located at 1885 Anaheim Avenue, to operate the City's temporary bridge shelter.

At the February 5, 2019 meeting, the City Council approved a professional services agreement with expert professional shelter operator, Mercy House, to operate the City's temporary bridge shelter and ultimately its permanent bridge shelter. This action ensures that there will be a

professional, secure and well-managed shelter system that will meet the needs of homeless individuals and address the concerns of residents and the business community.

DISCUSSION:

Staff has engaged in continued discussions with church management and its legal counsel regarding negotiations of a facility use/lease agreement since the January 15, 2019 City Council meeting.

Major discussion points between the City and property owner have included:

- Length of lease term
- Rental rate
- Percentage of property usage
- Exclusive/Shared/Non-use areas
- Professional Operation and Security
- Facility Improvements
- Separation of religion

The City's negotiating team, which has consisted of staff, the City Attorney and contracted real estate/affordable housing specialist, believe that the proposed lease agreement (Attachment 1) is both fair and appropriate to meeting the needs of both the City and the Property Owner and will address the need for improved operation and increased safety in the adjacent neighborhood.

At this time, negotiations have been completed successfully by both legal counsels; however, the lease agreement is subject to final approval by the Church Board.

The temporary bridge shelter will provide 50 beds and will operate 24 hours per day, 7 days per week from April 2019 to April 2020. As has been mentioned, Mercy House, a professional shelter operator, has been selected by the City to operate the facility. This will be done in conjunction with existing City Community Outreach Worker staff and volunteers from the Lighthouse Church. Once opened, the temporary bridge shelter will allow the City to begin enforcing anti-camping, loitering and trespassing laws throughout the entire City.

ANALYSIS:

The City's temporary bridge shelter site plan at the Lighthouse Church includes 3 modular trailers for sleeping that will be able to accommodate up to 50 adults experiencing homelessness. A restroom/shower modular trailer will be available to accommodate the needs of clients. All the trailers will be ADA accessible. The proposed site layout can be seen in Attachment 2. As staff from multiple Departments continue to work together to meet the requirements set forth in the Building and Fire codes, the site layout may be modified further to ensure safety and compliance. The modular units, as proposed, will require fire sprinklers for life safety protection, or an alternative method and means of reasonable fire suppression, equivalent to fire sprinklers, as approved by the Fire Chief. Any alternate site layout will not further impact the onsite parking. Designated areas of the existing facility will be utilized for office space, case management, client congregating, cooking/eating, scheduled wrap-around services, volunteering, and training, etc.

In considering the proposed use of the property for a temporary bridge shelter facility, staff evaluated the proposed temporary use for parking impacts, as well as whether approval would in any way establish a precedent for other religious institutions to function as temporary shelter facilities:

PARKING:

The parking requirement for a religious institution is determined by the area of its sanctuary. Lighthouse Church has a sanctuary area of 1,856 square feet which results in a requirement for 53 parking spaces. The church provides 69 onsite parking spaces. The proposed temporary use results in a reduction of onsite parking to 40 spaces. Accordingly, staff has reviewed alternative parking opportunities at City facilities in close proximity to the project site, specifically in the Lion's Park complex and at the Senior Center. New/reestablished uses within the Lion's Park complex are anticipated to begin opening in late April 2019 and continuing to come on line through the spring of 2020, when the Community Center is expected to open. Between closed facilities and generally offsetting hours of use between the church and civic uses at the park complex, staff has determined that there is sufficient unused parking available at the park to accommodate a minimum of 13 parking spaces to meet the church's temporary shortfall. Specifically, among others the Historical Society will have 20 available parking spaces during church hours and the Downtown Recreation Center is closed on Sundays.

City staff will work with the Property Owner, and condition the minor conditional use permit for the temporary trailers, to ensure necessary spaces are available and reserved for church use and that the church directs parishioners to the park rather than parking on local streets. As an alternative, additional parking at the Senior Center may be available during some church service hours. Staff will continue to monitor this parking opportunity to determine its appropriateness to serve as temporary offsite parking for the church.

USE PRECEDENT:

The Lighthouse Church has been providing unpermitted permanent supportive housing and shelter related services at the site for some time. In response to complaints from neighbors, the City initiated a code enforcement action to address the unpermitted use. In May 2018, staff and the Property Owner agreed to put the code enforcement action into abeyance for two years to allow the City to address issues related to the Catholic Workers lawsuit. The co-signed letter agreement calls for the church to cease unpermitted use of the church site or to apply for and receive a conditional use permit to operate a permanent supportive housing use by May 2020.

It is the opinion of staff that the proposed temporary bridge shelter falls within the scope of the uses allowed to temporarily continue at the site until May 2020. The City has in no way legitimized or legalized said uses; rather, through agreement, the City has established an amortization period to correct or legalize the non-permitted uses. Staff does not believe these actions, past or present, constitute a precedent that could be utilized by other religious institutions (or any other uses for that matter) to allow a temporary shelter facility within the City.

Site improvements that will be made as part of the facility use/lease agreement include:

- Installing 6 ft. perimeter vinyl fencing and a motorized vehicular gate
- Installing a 12-inch landscape ribbon along Plumer St.
- Increasing security lighting (LED Pole in SW corner)
- Installing privacy screening to the existing wrought iron gate/fence along Anaheim Ave.
- Completing ADA ramping entry/exit improvements
- Installing a video security system
- Completing minor required kitchen upgrades
- Installing outdoor area furnishings

Many of these upgrades will assist with restoring the safety and character to the adjacent neighborhood.

While the temporary bridge shelter is operating at the 1885 Anaheim Avenue property, staff will continue to work on the acquisition, design, and construction improvements to an existing building in the industrial area that is located adjacent to the airport. That location will eventually become the permanent bridge shelter. Once completed in the first quarter of 2020, all bridge shelter operations will be transferred to the permanent shelter location. A short transition period between the temporary and permanent locations will be provided. The Lighthouse Church has agreed to install property enhancements that will remain intact onsite, as a continued positive community enhancement once the transition takes place, which will include the fencing, increased lighting and landscaping improvements.

After the transition period, the Lighthouse Church will no longer operate as a 50-bed bridge shelter, but will instead operate as a shuttle location for transportation to the permanent shelter. In addition, it is proposed that some existing City Community Outreach Worker staff will also remain working onsite to continue to conduct intake for the permanent bridge shelter.

During the term of the agreement it is also expected that Lighthouse Church staff will learn operational best practices from the professional operator and City staff. With a permanent shelter located elsewhere in the City, the need for the Church to provide the same types of services will naturally decrease and the role of the Church will ultimately transition to one that supports the function of the permanent bridge shelter.

ALTERNATIVES CONSIDERED:

The City Council may elect to not approve the proposed facility use/lease agreement and direct staff to provide an alternate location/option for a temporary bridge shelter. This action will likely extend the period of time in which a temporary bridge shelter can begin operating which will result in a delay in the City's ability to meet expected deadlines and enforcing anti-camping laws.

FISCAL REVIEW:

The lease agreement between the City and the Lighthouse Church totals \$280,000 over the term of the agreement. An additional \$50,000 is needed for equipment and furniture that will eventually be moved to the permanent bridge shelter. An additional \$150,000 is needed for modular trailer rentals. In order to fund these costs, staff is requesting the approval of a budget adjustment totaling \$480,000 from unassigned fund balance in the General Fund.

Staff has been and will continue to explore and seek all outside available funding available to offset costs.

LEGAL REVIEW:

The City Attorney has reviewed this report, and has been actively involved in the ongoing negotiations as well as the drafting of the lease agreement. The City Attorney is also aware of the pending final approval by the Church Board.

CONCLUSION:

In order to continue moving forward with the concept of operating a temporary bridge shelter, staff recommends that the City Council:

1. Approve the Commercial Lease Agreement and Addendum 1 (Lease) between the City of Costa Mesa and the Lighthouse Church (Property Owner) to allow the City to utilize a portion of the existing property for a temporary bridge shelter for those experiencing homelessness;
2. Authorize the Acting City Manager and City Clerk to execute the proposed Lease and future authorized changes and amendments to the agreement;
3. Authorize the creation of an escrow account for the lease payments from the City to the Property Owner; and,
4. Authorize a budget adjustment from unassigned fund balance in the General Fund in the amount of \$480,000 to fund the lease payments, modular trailer rentals and additional equipment and furniture that will eventually be moved to the permanent bridge shelter.

JUSTIN MARTIN
Parks and Community Services Director

TAMARA S. LETOURNEAU
Acting City Manager/Assistant City Manager

KELLY TELFORD
Finance Director

KIMBERLY HALL BARLOW
City Attorney

- Attachments: 1. [Commercial Lease Agreement](#)
➤ [Addendum 1 to Lease](#)
2. [Proposed Site Layout](#)