

TO: Andrew P. Powers, City Manager

FROM: Ingrid Hardy, Assistant City Manager

DATE: February 28, 2023

SUBJECT: **Navigation Center Exclusive Negotiation Agreement and Right of Entry Agreement**

RECOMMENDATION:

1. Approve the Exclusive Negotiation Agreement between the City of Thousand Oaks and Many Mansions (Thousand Oaks, CA), Hope the Mission, dba Hope of the Valley Rescue Mission (Mission Hills, CA), and DignityMoves (San Francisco, CA) (collectively, "Proposer") for the development of a Navigation Center on the City-owned parcel at 1205 Lawrence Drive.
2. Approve the Right of Entry Agreement between the City of Thousand Oaks and Proposer for the development of a Navigation Center at 1205 Lawrence Drive.
3. Authorize the City to be identified as a co-applicant on the County of Ventura's grant application to the State of California for the Encampment Resolution Grant.
4. Authorize the City Manager to initiate the preparation of a lease agreement, operation and service agreements, and other ancillary documents ("Definitive Agreement") necessary to properly develop, construct, secure, operate, and maintain the Navigation Center.
5. Authorize the City Manager to execute the County of Ventura Agreement to Provide Financial Support for Permanent, Year-Round Shelter Serving Homeless Individuals and Families and sign additional limited modifications to the Agreement.
6. Find that this action is not a project as defined under the California Environmental Quality Act (CEQA).

FINANCIAL IMPACT:

No Additional Funding Requested. Minimal staff time in preparation of this report is included in the Adopted FY 2022-23 General Fund Budget.

Estimated project costs for the Navigation Center at 1205 Lawrence Drive total \$3.9 million for design and construction and \$0.8 million annually for operations. The City has requested financial support from the County of Ventura for both construction and operations. The City is a co-applicant with the County of Ventura for the State Encampment Grant. If awarded, the State Encampment Grant will fund the construction of the Navigation Center and two years of operating costs. Staff will return to City Council for a formal expenditure authorization request.

BACKGROUND:

In 2021, City Council prioritized identifying and advancing solutions for emergency sheltering and permanent supportive housing. In pursuit of this priority, City Council previously authorized staff to work with two different developer/operator teams to prepare for the second round of California's Project Homekey program. Ultimately, the City, developer Shangri-La Industries, and operator Step Up on Second, successfully received a \$26.7 million grant from the state to convert the former Quality Inn and Suites to permanent supportive housing.

After an unsuccessful attempt to identify a site for the co-location of permanent supportive housing with emergency shelter beds, the former Ad Hoc Homeless Committee (Committee) requested that City staff begin exploring other options to site an emergency shelter to meet the needs of its unhoused residents. An interdepartmental team of City staff examined numerous options to site a shelter based on various factors, including financial investment required, estimated timeline to completion, location, ownership, and other short-term and long-term benefits and trade-offs to the City, its residents, and businesses.

Due to the limited availability of existing buildings suitable for conversion into a navigation center and high real estate costs, the Committee asked staff to broaden the scope of its research to include other options. The modular home village model emerged as a financially prudent, dignified, and flexible alternative to the existing building acquisition and conversion approach. Modular homes require less financial commitment on a per-square-foot basis, and the timeline from start to completion is much shorter than tenant improvements or traditional new construction.

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After much discussion, the Committee recommended the City-owned parcel at 1205 Lawrence Drive to serve as the initial location for the City's emergency shelter, herein referred to as Navigation Center. The site will support 30 modular homes, an administration office and onsite clinic units, laundry and shower facilities, furnishings, storage, and other necessary equipment.

The proposed service-enriched Navigation Center will not be a drop-in shelter. Instead, persons experiencing homelessness will be selected on a referral basis from local service providers, various County agencies, and by law enforcement.

Establishing a Navigation Center within Thousand Oaks will serve the City in three critical ways. First, it will provide immediate interim housing for residents experiencing homelessness. Second, its onsite support and housing navigation services will assist each person in either preparing to return to stable traditional housing or to transition into permanent supportive housing based on their unique individual circumstances and needs. Third, it will enhance the City's enforcement capabilities to preserve public safety and environmental quality.

On September 27, 2022, City Council authorized staff to issue a Request for Proposals/Qualifications (RFP/Q) for the construction and operation of a Navigation Center at 1205 Lawrence Drive; adopted Resolution 2022-049 declaring the Lawrence Drive property as Exempt Surplus Land pursuant to the Surplus Lands Act; and authorized the Mayor to sign a letter to County of Ventura requesting financial assistance to support the associated capital and operating costs.

City staff issued an RFP/Q on October 7, 2022. On December 6, 2022, City Council unanimously approved staff's recommendation to select the Proposer, DignityMoves (DM), Hope of the Valley Rescue Mission (HOTV), and Many Mansions (MM), to develop, lease, and operate a Navigation Center. DM will serve as the developer, HOTV will serve as the operator, and MM will serve as the consultant/leaseholder for the Navigation Center. Collectively, they demonstrated expertise and experience in designing, constructing, and operating interim housing and the capacity to complete the project successfully and in a timely manner.

City Council also authorized the City Manager to begin preparation of an Exclusive Negotiation Agreement (ENA) with the Proposer. Since the City Council's approval of the Proposer and authorization for the City Manager to initiate the preparation of an ENA, City staff and the Proposer have routinely met to negotiate the details of the ENA, which is before City Council for consideration and approval.

DISCUSSION/ANALYSIS:

The purpose of the proposed ENA (Attachment #1) is to establish procedures and standards for negotiation by the City and the Proposer and to facilitate the due diligence necessary to develop the project fully. The ENA establishes a negotiating term of 270 calendar days, with the option for both parties to agree to two (2) forty-five (45) calendar day extensions for a potential negotiating period of 360 calendar days. The City Manager would have the authority to grant the extensions provided that the Proposer has demonstrated sufficient progress. This term should allow ample time for the City and the Proposer to negotiate reasonably and in good faith over a defined period. The following are critical elements of the proposed ENA:

- **Definitive Agreement** – During the negotiating period, the City and Proposer will negotiate the terms of several agreements, including terms and conditions for the City's lease of the Site to Proposer, the Proposer's design, financing, construction, and operation of the proposed project, inclusive of all operational, service, or other necessary agreements for the Navigation Center. The Definitive Agreement is subject to approval by the City Council.
- **Financing Proposal** – Within ninety (90) calendar days after the Effective Date, the Proposer, at its sole cost and expense, must provide the City with a detailed financial analysis including development costs, detailed development budget, operations budget, and other associated costs.
- **Good Faith Deposit Alternative** – In lieu of and as an alternative to requiring a good faith deposit from the Proposer, and as consideration for the City's execution of the Agreement, each entity making up the Proposer team shall provide the City with copies of all reports, studies, analyses, correspondence, and similar documents prepared as part of the project analysis.
- **Due Diligence** – During the negotiating period, the Proposer must conduct due diligence activities and will require a separate Right of Entry Agreement (Attachment #2). This agreement will provide the Proposer with a non-exclusive right of entry to 1205 Lawrence Drive to conduct activities including, but not limited to, planning, establishing metes and bounds of the site, obtaining certified soils, and hazardous materials report.
- **The ENA does not obligate any party to acquire or convey any interest in real property, does not grant Proposer the right to develop the site or construct the proposed project, and does not obligate the City or Proposer to any activities or costs to develop the proposed project.**
- **CEQA and Surplus Lands Act** – A thorough analysis under both CEQA and the Surplus Lands Act will be conducted as part of the project analysis

and will be presented to City Council with any proposed agreements for consideration.

- Exclusivity – City cannot negotiate with any other party during the term of the ENA unless the agreement is terminated early.

Encampment Resolution Funding (ERF) Program

The State of California Interagency Council on Homelessness (Cal ICH) released a Notice of Funding Availability (NOFA) on December 1, 2022, to solicit proposals that resolve unsheltered homelessness for people residing in encampments. The Encampment Resolution Funding (ERF) Program was authorized in 2021 through Assembly Bill 140 with an allocation of \$50 million, and Assembly Bill 178 allocated an additional \$300 million for round 2. This funding aims to transition individuals from prioritized encampments into permanent housing.

The Ventura County Continuum of Care (VC CoC) Board has approved the Collaborative Applicant (County Executive Office) to develop an application in partnership with the County Health Care for the Homeless team. The VC CoC Board has also authorized the release of a Request for Proposals (RFP) to solicit new project proposals from local organizations that will transition individuals from prioritized encampments into permanent housing.

City staff expressed an interest in being a collaborative applicant with the County Executive Office and has worked with County staff to provide the necessary information and documents to apply for this funding. If successfully awarded, the grant would fund the construction of the project and operations costs for the first two years.

County of Ventura Cost Sharing Agreement

To further support the City in addressing homelessness, the County of Ventura finds that a year-round Navigation Center is necessary to meet the growing challenge of homelessness and that providing financial assistance serves a tremendous public purpose and helps to achieve the goal of reducing the number of persons experiencing homelessness. As such, the County is willing to enter into an agreement (Attachment #3) to share the capital and operating costs of the Navigation Center.

The City is responsible for selecting an operator who will provide a minimum of 30 beds, ensure that the operators are 24 hours a day, 365 days per year, use its best efforts to maintain occupancy of 70%, reduce the overall number of persons experiencing homelessness, connect 75% of occupants with stable housing or positive exits, and increase each occupant's income as appropriate.

In consideration of the City's efforts, the County will pay the City fifty percent of actual operating costs and fifty percent of development costs.

Environmental Review

Under CEQA Guideline Section 15378(b)(4) and (5), City Council's action approving the ENA is not a "Project" as defined under CEQA. City is acting on a negotiation agreement and recommendation to seek funding, neither of which commits the City to any specific project. Such actions will not have any direct or indirect effect on the environment. A CEQA analysis will be conducted as part of the site analysis for the proposed use during the negotiations of a lease and ancillary agreements and a CEQA determination will be presented as part of staff's recommended actions at a future date.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goals:

A. Create a more equitable, accessible, safe, welcoming, and inclusive government and community regardless of race, color, ethnicity, religion, sex, physical or mental ability, sexual orientation, gender identity and expression, age, language, education, and/or socio-economic status.

B. Provide municipal government leadership which is open and responsive to residents, and is characterized by ethical behavior, stability, promoting public trust, transparency, confidence in the future, and cooperative interaction among civic leaders, residents, business representatives, and staff, while recognizing and respecting legitimate differences of opinion on critical issues facing the City.

C. Operate City government in a fiscally and managerially responsible and prudent manner to ensure that the City of Thousand Oaks remains one of California's most desirable places to live, work, visit, recreate, and raise a family.

D. Maintain strong commitment to public safety (including Police, Fire, Emergency Medical Services, and Emergency Management) to ensure City remains one of the safest Cities in the United States with a population over 100,000.

Attachments:

Attachment #1 – Proposed Exclusive Negotiation Agreement

Attachment #2 – Right of Entry Agreement

Attachment #3 – Agreement to Provide Financial Support for Permanent, Year-Round Shelter Serving Homeless Individuals and Families