



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** June 14, 2021

FROM: Matthew Bronson City Manager

PREPARED BY: David Hale, City Attorney
Bruce Buckingham, Community Development Director

SUBJECT: Authorization to Amend the Exclusive Negotiating Rights Agreement for the City-Owned Cleaver Property Affordable Housing Project

RECOMMENDATION

Approve the First Amendment to the People's Self-Help Housing and Housing Authority of San Luis Obispo Exclusive Negotiating Rights Agreement for an extension of the negotiating period to December 26, 2021.

BACKGROUND

In May 2020, the Council directed staff to prepare a Request for Qualifications (RFQ) to solicit qualifications of potential developers so the Council could consider selecting a developer capable of entitling and developing an affordable housing project on the City-owned Cleaver property located at 164 South 13th Street. In July 2020, the Council selected People's Self-Help Housing (PSHH) and the Housing Authority of San Luis Obispo (HASLO) working together as one developer and directed staff to enter into an Exclusive Negotiating Rights Agreement (ENA). The purpose of the ENA is to provide the parameters for the developer to move forward with a project design without committing the Council until such time as a Development and Disposition Agreement (DDA) for the site is negotiated by the parties and approved by Council.

The current Exclusive Negotiating Rights Agreement was entered into between the City of Grover Beach, PSHH and HASLO on September 26, 2020. The ENA originally included a negotiating period between the parties of three months with three two-month extensions. Due to the extent of due diligence necessary to be performed by the parties and the complexity of drafting a DDA for this project, PSHH and HASLO have requested a six-month extension of the negotiating period to the initial Agreement. The negotiation term for this extension would expire on December 26, 2021 before which time staff would bring a proposed DDA for the Council's consideration. One reason for the delay was the acquisition by PSHH and HASLO of the adjacent property located at 1206 West Grand Avenue which has expanded the project site from 0.94 acres to 1.55 acres allowing additional affordable housing units.

On June 1, 2021, PSHH and HASLO submitted a Pre-Application to staff for a proposed 53 unit affordable housing project and the Council will provide input on the proposed project design at the June 28th Council meeting. Once the Council finds the project design meets the Council's objectives, staff will return to the Council at a subsequent meeting for consideration of entering into the DDA. Staff therefore recommends the Council approve the extension to the Exclusive Negotiating Rights Agreement which will allow PSHH and HASLO to complete the development process for this affordable housing project.

FISCAL IMPACT

There is no direct fiscal impact to this action.

ALTERNATIVES

The Council has the following alternatives to consider:

1. Approve the First Amendment for the Exclusive Negotiating Rights Agreement for an extension of the negotiating period to December 26, 2021; or
2. Provide staff with alternative direction.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

1. First Amendment to the Exclusive Negotiating Rights Agreement

FIRST AMENDMENT TO EXCLUSIVE NEGOTIATION RIGHTS AGREEMENT
BETWEEN CITY OF GROVER BEACH AND
PEOPLE'S SELF-HELP HOUSING AND
THE HOUSING AUTHORITY OF SAN LUIS OBISPO

WHEREAS, this contract shall serve as an amendment to the Exclusive Negotiation Rights Agreement ("ENA"), dated September 26, 2020, ("the Amendment") between the City of Grover Beach, (the "City"), and People's Self-Help Housing, ("People's Self-Help Housing") and the Housing Authority of San Luis Obispo, ("HASLO") (collectively People's Self-Help Housing and HASLO are the "Developer"); and

WHEREAS, the City is the owner of approximately 36,750 square feet of real property located on South 13th Street approximately 200 feet south of West Grand Avenue, Grover Beach, California ("the Property"); and

WHEREAS, the City desires that the Property be developed to create affordable housing to help provide units affordable to lower income households, consistent with the City's adopted Housing Element ("the Project"). On September 26, 2020, the City, People's Self-Help Housing, and the Housing Authority of San Luis Obispo, entered into an Exclusive Negotiating Rights Agreement (ENA) for the Property; and

WHEREAS, The purpose of this ENA and amendments are to allow the City and the Developers to negotiate a Development and Disposition Agreement ("DDA").

WHEREAS, Provision 1.2 established an initial negotiation period of three months beginning on September 26, 2020, and three two-month renewal periods.

WHEREAS, The Developer has exercised the three two-month renewals wherein the term of the existing Agreement will terminate on or around June 26, 2021.

WHEREAS, it is the intent of the parties to extend this agreement for an additional six month period of time ending on December 26, 2021.

IN ACCORDANCE WITH THE ABOVE, THE PARTIES AGREE AS AN AMENDMENT TO THE SEPTEMBER 26, 2020 AGREEMENT AS FOLLOWS:

Part 1. The above "WHEREAS" provisions are hereby incorporated with the same force, weight and effect of any other term and condition of this Amendment.

Part 2. The first paragraph of Section 1.2, entitled "Negotiating Period" is deleted in total and replaced with the following:

1.2 Negotiating Period. The "**Negotiating Period**" under this Agreement is comprised of an initial period of fifteen (15) months, beginning on the Effective Date, and ending on December 26, 2021.

Part 3. All other Sections and Subsections of this Agreement, including Subsections (a) and (b) of Section 1.2 remain unchanged and without modification.

IN WITNESS WHEREOF, the City of Grover Beach has caused this Amendment to be signed and executed on its behalf by its Mayor and duly attested by its City Clerk, and the Developer has signed and executed this Amendment on the ____ day of , 2021.

CITY OF GROVER BEACH

By: _____
Jeff Lee, Mayor

People's Self-Help Housing, a California
nonprofit public benefit corporation

By: _____
Title:

Housing Authority of San Luis
Obispo

By: _____
Title:

ATTEST:

By: _____
Wendi Sims, City Clerk