



CC Regular Meeting

AGENDA ITEM REPORT

Meeting:	September 17, 2024
Title:	Third Amendment to the Ground Lease between the City of Covina and the Covina Housing Authority for Property Owned by the City Located at the Southeast Corner of the Combined Parcels of 601 E. San Bernardino Road and 534 North Barranca Avenue
Presented by:	Brian K. Lee, AICP, Director of Community Development
Recommendation:	Authorize the City Manager/Executive Director to execute the third amendment to the Ground Lease (“Lease”) between the City of Covina (“City”), as landlord, and the Covina Housing Authority (“Authority”), as tenant, in substantially the form attached as Attachment “B” with such changes therein as the City Manager/Executive Director may approve, and all related documents, and to take such actions as they deem necessary or proper to effectuate the purpose of the Lease.

EXECUTIVE SUMMARY:

The City owns certain property consisting of approximately 20,000 square-feet of land located at the southeast corner of the combined parcels of 601 E. San Bernardino Road and 534 N. Barranca Avenue, which is depicted in the Lease (Attachment “A”) as Exhibit “A” (“Property”). On June 21, 2022 the City Council and Housing Authority Board approved a Lease of the Property from the City to the Authority for a proposed future Navigation Center (“Center”). On December 5, 2023, this Lease was amended to extend certain deadlines within the Lease’s attachments in order to provide additional time for review and public feedback. On June 19, 2024, this Lease was amended to extend the rent repayment by five years, resulting in a total of 23 years of prepaid rent under the 55-year Lease. Exhibit “C” to the Lease is a Schedule of Performance, and is proposed to be amended in order to provide more time for due diligence and research to be completed prior to moving construction forward. At future meetings the Authority Board will consider all aspects of the design, construction, maintenance and operation of the proposed Center and involve public outreach and feedback.

DISCUSSION:

The Lease between the City as landlord and the Housing Authority as tenants ends 55 years after the commencement of the Lease. The Lease requires the Authority to pay rent to the City in the amount of \$64,000 per year, payable monthly, and subject to annual 3% increases. The obligation to pay rent commences on the earlier of the date when a Navigation Center is completed or the deadline in the Lease for the completion of the Navigation Center, which is currently September 30, 2025, unless the deadline is extended in accordance with the Lease. The Housing Authority is formally requesting that the deadlines within the proposed amendment (“Attachment B”) be extended by amending the Lease in order to provide staff and Council additional time to convene and seek public feedback prior to any construction.

FISCAL IMPACT:

Amending the existing Lease will not produce a financial impact. The financial obligations of the Lease remain unchanged.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

The proposed action of authorizing the City Manager/Executive Director to execute the Lease amendment on behalf of the City and Authority is Categorically Exempt per Section 15332, Class 32, of the State of California

Environmental Quality Act (“CEQA”) Guidelines because of any future considered development will be infill development consistent with the requirements set forth in CEQA Guidelines Section 15332. The proposed action is also exempt per CEQA Guidelines Section 15061(b)(3) and because this is an administrative activity of government which will not result in direct or indirect physical changes to the environment.

Respectfully submitted,



Brian K. Lee
Director of Community Development