TO: CITY COUNCIL  
VIA: CITY ADMINISTRATOR  
FROM: DIRECTOR OF COMMUNITY SERVICES  
DATE: MAY 21, 2019  

SUBJECT: ACQUISITION OF REAL PROPERTY CONSISTING OF A SINGLE PARCEL LOCATED AT 731 S. MELROSE STREET (APN 339-102-08) OWNED BY PLACENTIA INDUSTRIAL PARK PROPERTIES FOR THE FUTURE DEVELOPMENT OF A NORTH SERVICE PLANNING AREA NAVIGATION CENTER  

FISCAL IMPACT:  
EXPENSE: $2,715,000 Real Property Purchase Price  
REVENUE: $2,715,000 California’s Homeless Emergency Aid Program (“ HEAP”) Grant Funds  

No General Fund dollars will be used for this acquisition or the construction of the proposed navigation center.  

SUMMARY:  
The crisis of unsheltered homelessness is one that is impacting the greater Orange County area. According to the most recent 2019 Point-in-Time count conducted by the County of Orange, approximately 6,860 people in Orange County experienced homelessness, 2,765 in North Orange County and 163 individuals in Placentia. This represents a 43% increase from 2017.  

In an effort to comply with a Federal Mandate as well as recent case law, Martin v. Boise (2018), the North Orange County Cities (the “Cities”), comprised of the cities of Placentia, Anaheim, Brea, Buena Park, Cypress, Fullerton, La Habra, La Palma, Los Alamitos, Orange, Villa Park, Stanton, and Yorba Linda are collaborating on a regional approach to address homelessness. Based on the local mandate by U.S. District Federal Judge David Carter, the Cities are required to work on a homeless housing plan for the region, which shall include creating Navigation Centers designed to house and service North Orange County’s homeless population. If cities do not comply with the mandate to add emergency housing, they will not legally be able to keep the homeless from creating an encampment in public areas, such as city halls, senior centers, parks and neighborhood sidewalks, including sidewalks in front of residents' homes.  

The City has identified real property at 731 S. Melrose Street (Assessor Parcel Number 339-102-08), (the “Property”) as a potential development site for a Navigation Center. After completing its due diligence on the Property, the City is recommending this site as a viable development for a Navigation Center for the purposes of complying with federal and local mandates recently imposed on cities. This action approves a Standard Offer, Agreement and Escrow Instructions for
the Purchase of Real Estate ("Purchase Agreement") between the City and the private property owner, Placentia Industrial Park Properties (the "Owner"), collectively known as the "Parties."

RECOMMENDATION:

It is recommended that the City Council take the following action:

1. Approve Resolution R-2019-XX, A Resolution of the City Council of the City of Placentia, California, approving a Purchase Agreement with Placentia Industrial Park Properties for real property located at 731 S. Melrose Street and authorizing the acquisition of property in connection therewith, finding that the acquisition of said property is not a project for the purposes of CEQA as defined by the California Public Resources Code Sections 21065 and 21080; and

2. Execute the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate ("Purchase Agreement") with Placentia Industrial Park Properties for real property located at 731 S. Melrose Street; and

3. Authorize the City Administrator and/or his designee to approve non-substantive changes as needed to execute the Purchase Agreement on behalf of the City in a form approved by the City Attorney; and

4. Find that the acquisition of the subject property is exempt from further CEQA review in that this action does not constitute a project for the purposes of CEQA as defined by the California Public Resources Code Sections 21065 and 21080. This finding is consistent with the determination made by the Planning Commission on May 14, 2019.

DISCUSSION:

Background
The crisis of unsheltered homelessness is one that is impacting the greater Orange County area. According to the most recent 2019 Point-in-Time count conducted by the County of Orange, approximately 6,860 people in Orange County experienced homelessness, 2,765 in North Orange County and 163 individuals in Placentia. This represents a 43% increase from 2017.

In an effort to comply with a Federal Mandate as well as recent case law, Martin v. Boise (2018), the Cities, comprised of the cities of Placentia, Anaheim, Brea, Buena Park, Cypress, Fullerton, La Habra, La Palma, Los Alamitos, Orange, Villa Park, Stanton, and Yorba Linda are collaborating on a regional approach to address homelessness. Based on the local mandate by U.S. District Federal Judge David Carter, the Cities are required to work on a homeless housing plan for the region, which shall include creating Navigation Centers designed to house and service North Orange County cities' homeless population. The requirement is to create Navigation Centers that would provide comprehensive supportive services including vocational services, recreational services, mental health, transportation services and 200 beds to the homeless residents of the North Orange County region, also known as the North Service Planning area ("North SPA"). If cities do not comply with the mandate to add emergency housing, they will not legally be able to
keep the homeless from creating an encampment in public areas, such as city halls, senior centers, parks and neighborhood sidewalks, including sidewalks in front of residents' homes.

The City has utilized a variety of tools to enforce the City’s anti-camping laws for the above-mentioned public spaces. The City’s ability to address homelessness has been significantly diminished based upon the Martin v. Boise (2018) ruling by the Ninth Circuit Court of Appeals on September 2, 2018. The ruling asserted that the City of Boise’s camping and disorderly conduct ordinance was unconstitutional, relying upon the U.S. Supreme Court precedent that it is cruel and unusual to criminalize a person’s status, as opposed to his or her conduct. Ultimately, the Ninth Circuit Court of Appeals ruled that these types of ordinances violated the Eighth Amendment when enforced against those who have been forced to sleep outdoors because they cannot obtain shelter.

This decision along with the recent Orange County Federal Court case presiding under Judge Carter significantly limits the City’s ability to manage and control homeless proliferation and public camping in our community. In order to comply with these Federal requirements and court decisions, and to ensure that the City maintains local control over enforcement of its own anti-camping ordinance in public areas, including public sidewalks, the City of Placentia along with the North Orange County Cities have identified two potential locations for Navigation Centers – one in Placentia and one in Buena Park. The Placentia location is identified as real property located at 731 S. Melrose Street (Assessor Parcel Number 339-102-08), (the “Property”).

Real Property Analysis
The City reviewed a preliminary title report on the Property which indicated that the Property was clear of any environmental liens or activity use limitations. In addition, a Property Condition Assessment Report was completed by JorgensenFM and the report indicated approximately $118,000 in probable costs associated with minor capital improvements of the Property (i.e., mainly electrical system, ducting insulation, and concrete floor repairs, etc.).

The City of Placentia will not be using any General Fund dollars for the Navigation Center in the City and has thus far secured $5,650,000 in grant funding awards by the Orange County Continuum of Care as part of the State of California’s Homeless Emergency Aid Program (“HEAP”) for the acquisition and capital improvements of the Navigation Center.

An appraisal of the property was initiated by the City and completed by R.P. Laurain & Associates, Inc. The appraisal report indicated that the fair market value of the property is $2,715,000. The amount requested by the Owner is equivalent to the appraisal amount.

As part of the due diligence process, the final recommended location of the Navigation Center is determined by identifying a location that is suitable for safely housing homeless as well as addressing the following factors: proximity to residential areas, residential concerns, cost of construction, a secureable facility and well-managed operations.

Community Engagement Process
The City coordinated a publicly noticed community meeting in order to seek feedback from residents and business owners on the proposed location of the Navigation Center. Informational efforts regarding the proposed community meeting included the dissemination of public
information pamphlets to property owners within 1,000 feet of the proposed Navigation Center, various links to social media outlets, and a summation of the topic of homelessness and the regional Navigation Center on the City’s website and the City Administrator’s Weekly Report. The public meeting was held on Wednesday, May 15, 2019, at the Whitten Community Center. The community meeting was simultaneously translated in Spanish utilizing an outside professional translation firm. At the meeting all facets of the homelessness crisis were discussed, including the legal challenges and potential costs, the North SPA regional solution, and details of the Navigation Center location and operations were fully explained to the attendees. Although feedback on this matter varied, several questions were answered by City Staff, including the City’s Police Department, non-profit service providers City Net and HIS House, and the County of Orange. There were some attendees at the meetings that supported the proposed location and approach toward solving the homeless crisis and there were some attendees that were not supportive.

Management and Operations Plan
The management and operational plan for the two proposed Navigation Centers will specify certain requirements to ensure local control for providing safe and secure housing as well as providing comprehensive programs and services. The Navigation Centers will be referral-only based facilities with managed and controlled (transportation) access in and out. The proposed Navigation Centers will work not only to house the homeless, but to provide health resources, job and social skills, and opportunities to reunite with friends and family, with the goal of integrating North Orange County’s homeless to become productive members of society while decreasing the number of homeless in public areas.

A comprehensive Memorandum of Understanding (“MOU”) by the Cities has been presented and adopted by the City Council on April 2, 2019. The MOU outlines the acquisition costs, construction improvements and ongoing operational costs and maintenance of the two proposed Navigation Centers. In addition, a Settlement Agreement has been prepared and approved by all 13 North Orange County Cities, including Placentia. In order to address the aforementioned Local and Federal Mandates as well as avoid costly litigation, and ensure Placentia has a proactive and reasonable option for the Placentia Police Department, the City began working with the North SPA cities, the Court and Plaintiff’s counsel to create a comprehensive regional plan to address homelessness and thereby, enter into a Settlement Agreement.

Below is a tentative schedule for the proposed Navigation Center in the City of Placentia:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 21, 2019</td>
<td>Purchase and Sale Agreement to the City Council</td>
</tr>
<tr>
<td>June 22, 2019</td>
<td>Close Escrow</td>
</tr>
<tr>
<td>June, 2019</td>
<td>Retain Design-Build Firm for Tenant Improvements</td>
</tr>
<tr>
<td>June, 2019</td>
<td>Develop and Issue a Request for Proposals for Site Operator/Provider</td>
</tr>
<tr>
<td>July, 2019</td>
<td>Award Contract for Site Operator/Provider</td>
</tr>
<tr>
<td>December, 2019</td>
<td>Tenant Improvements Completed</td>
</tr>
<tr>
<td>December, 2019</td>
<td>Grand Opening of Navigation Center</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Audit and Monitor Operations Regularly</td>
</tr>
</tbody>
</table>
Planning Commission

The Land Use designation for the property is “M”. This designation provides for industrial uses and their related facilities while maintaining an environment free from objectionable noise, odor, dust or other nuisances. Additionally, the “M” district permits emergency shelters by right, subject to compliance with conditions set forth in Placentia Municipal Code (PMC) Section 23.47.130 – Emergency Shelters (Homeless). The subject property is improved with an industrial building, which is in conformance with the “Industrial” land use designation.

The General Plan Land Use designation of the subject property is “Industrial”. This is consistent with the Land Use Element Goal 2 to “provide and maintain an adequate level of service for all community public services and facilities.” In addition, the Housing Element HE-1.4 of the General Plan states, “ensure the provisions of the Housing Accountability Act are reinforced and prohibit the denial of emergency shelter/transitional housing facility via discretionary approvals if it is consistent with adopted regulatory standards.” In addition, the subject property conforms and is within the City’s SB 2 zoning, which is required for placement of emergency shelters or navigation centers.

On May 14, 2019, the Planning Commission adopted Resolution No. PC-2019-09, finding that the acquisition of 731 S. Melrose Street (APN 339-102-08) conforms with the City of Placentia General Plan. In adopting Resolution No. PC-2019-09, the Planning Commission also found that the acquisition of said property is not a project for the purposes of CEQA as defined by the California Public Resources Code Sections 21065 and 21080. Staff recommends that the City Council find that the acquisition of the subject property is exempt from further CEQA review in that this action does not constitute a project for the purposes of CEQA as defined by the California Public Resources Code Sections 21065 and 21080. This finding is consistent with the determination made by the Planning Commission on May 14, 2019.

As such, the acquisition of 731 S. Melrose Street conforms with the applicable provisions of the City of Placentia General Plan, specifically the Land Use and Housing Elements, and SB 2 Zoning in that the City is furthering its efforts in addressing and providing services to the public with the objective of alleviating the overall homeless crisis within the City and North Orange County.

**FISCAL IMPACT:**

The total purchase price of $2,715,000 will be made from the $5,650,000 in grant funds awarded by the Orange County Continuum of Care as part of the State of California’s Homeless Emergency Aid Program (“HEAP”). As part of the Purchase Agreement a $50,000 deposit was provided to the Escrow Holder on May 6, 2019 by the City. This deposit will be part of the total purchase price. No General Fund dollars will be used for the acquisition of the property for the proposed Navigation Center.
City Council Agenda
May 21, 2019
Page 6 of 6

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City Administrator

Attachments:
1. Resolution R-2019-XX – Approving Purchase Agreement
2. Purchase Agreement with Placentia Industrial Park Properties