



REPORT TO HOUSING AUTHORITY acting as

**Successor Housing Agency to the
Redevelopment Agency of the
City of Sacramento**

**915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Consent
August 21, 2012**

Honorable Chair and Members of the Housing Authority Board

Title: Approval of Interim Lease Agreement between the Housing Authority of the City of Sacramento (Acting as Successor Housing Agency) and the Fortune School of Education

Location/Council District: 4501 9th Avenue, District 5

Recommendation: Adopt a **Housing Authority Resolution**, Acting as the Successor Housing Agency to the Redevelopment Agency of the City of Sacramento, authorizing the Executive Director, or her designee, to execute a lease for one year with three optional renewals for property located at 4501 9th Avenue with the Fortune Charter School. The Housing Authority shall have the ability to terminate the interim lease without penalty after 30 days from notification.

Contact: Chris Pahule, Program Manager, 440-1350; Craig Locke, Management Analyst, 449-6273

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: In 2011, the California Legislature enacted AB 1x 26, which coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of all redevelopment agencies. On January 31, 2012, the Sacramento City Council designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency. These assets include real property, such as the vacant lot at 4501 9th Avenue. The Housing Authority is responsible for maintaining all assets until they are sold or developed for low to moderate income housing uses.

Lease agreement between the Housing Authority and the Fortune School of Education

The Fortune School of Education (Fortune School) is leasing the adjacent building for K-8 instruction and requires space for outdoor recreation and education. The Fortune School has approached the Housing Authority to use the property for outdoor recreation for their students. In return they will maintain and secure the parcel during the term of the lease.

Policy Considerations: No new policies are being recommended in this report.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action to execute a lease is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301.

National Environmental Policy Act (NEPA): There is no federal funding or any other federal action involved with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

Sustainability Considerations: N/A

Other: None

Commission Action: At its meeting on August 1, 2012, the Sacramento Housing and Redevelopment Commission conducted a public hearing considering the staff recommendation for this item. The votes were as follows:

AYES: Alcalay, Chan, Johnson, LeDuc, Morgan, Morton, Rosa, Shah, Stivers

NOES: none

ABSENT: Gore

Rationale for Recommendation: It is currently not feasible for the Housing Authority to either dispose of or cause the development of housing at 4501 9th Avenue. Therefore, this report recommends an interim lease with the Fortune School which provides economic benefit to the Housing Authority as it requires the tenant to secure, maintain and insure the property preserving it as an asset until the appropriate disposition or housing development becomes feasible. No permanent structures will be constructed during the course of this interim lease.

Lease agreement between the Housing Authority and the Fortune School of Education

The interim lease is also a benefit to the community. The Fortune School will open the William Lee College Prep charter school in the adjacent building on September 5, 2012. A primary goal of the school is to close the achievement gap for African American students. The school will be open to all students and will not discriminate against any student on any basis. It will begin with grades kindergarten through fourth grade, adding a grade per year. To provide the students with a space for outdoor recreation and physical education, the Fortune School will use 4501 9th Avenue.

Financial Considerations: Consideration for the interim lease shall be the securing, maintenance of and insuring of the property. There will be no monetary charge.

M/WBE Considerations: The activities recommended in this staff report do not involve federal funding, therefore, there are no M/WBE requirements.

Respectfully Submitted by:


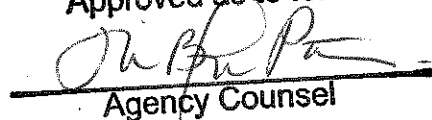

LA SHELLE DOZIER
Executive Director

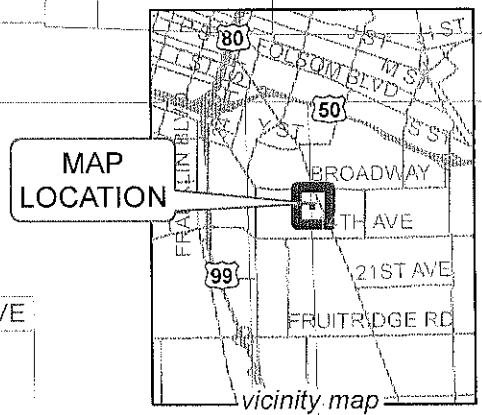
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Approved as to form:


Agency Counsel

4501 9th Avenue



4501 9th Ave

0

250

500 Feet



SHRA GIS
June 7, 2012



RESOLUTION NO. 2012 -

**Adopted by the Housing Authority of the City of Sacramento,
Acting as the Successor Housing Agency to the Redevelopment Agency of the City**

on date of

INTERIM LEASE OF HOUSING AUTHORITY OWNED PROPERTY FOR USE BY THE FORTUNE CHARTER SCHOOL

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento acquired the property for housing on March 21, 1986.
- B. In 2011 the California Legislature enacted AB 1x 26, which coupled with a subsequent decision of the State Supreme Court, resulted in the dissolution of redevelopment agencies as of February 1, 2012.
- C. The City of Sacramento, by Resolution Number 2012-018 (adopted on January 31, 2012), designated the Housing Authority of the City of Sacramento as the local authority to retain the housing assets and functions previously performed by the Redevelopment Agency of the City of Sacramento.
- D. The Housing Successor Agency will be responsible for the disposition and or utilization of the property.
- E. Fortune School of Education is entering into an interim lease for the buildings located at 3300 Stockton Blvd and 4545 9th Ave. in Sacramento to open William Lee College Prep as authorized by the Sacramento County Board of Education.
- F. The Fortune School of Education would like an interim lease to allow students to use the field for play activities and physical education. The lot owned by the Housing Authority is adjacent to the structure leased by the Fortune school for classroom instruction.
- G. No structures will be constructed on the parcel and Fortune School of Education is willing to participate in its maintenance and upkeep.
- H. As an interim use, staff recommends leasing the parcel to the Fortune Charter School, serving low income families in the area. In exchange, the Fortune Charter School will secure, maintain and insure the parcel for the duration of the interim lease thereby preserving and maintaining this housing asset until such time as it is economically feasible to address the property in accordance with AB 1484 (enacted on June 27, 2012).
- I. The action recommended herein to execute a lease is exempt from environmental review under California Environmental Quality Act (CEQA) Guidelines Section 15301.

- J. There is no federal funding or any other federal action involved with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, ACTING AS THE SUCCESSOR HOUSING ENTITY TO THE REDEVELOPMENT AGENCY OF THE CITY, RESOLVES AS FOLLOWS:

- Section 1. All recitals, including but not limited to the environmental findings, are found to be true and correct.
- Section 2. The Executive Director is authorized to enter into an interim lease for one year with three renewable extensions. The Housing Authority shall have the ability to terminate the interim lease without penalty after 30 days from notification.

Exhibit A – Interim Lease Agreement – 6 pages



INTERIM LEASE AGREEMENT

THIS INTERIM LEASE (Lease), dated **August__**, **2012** is between the **HOUSING AUTHORITY OF THE CITY OF SACRAMENTO, ACTING AS SUCCESSOR HOUSING AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**, (LESSOR), and the **FORTUNE SCHOOL OF EDUCATION** (LESSEE).

RECITALS

A. LESSOR is the owner of real property known as 4501 9th Avenue, Sacramento, California in the County of Sacramento, State of California, (the Premises), more particularly described in the Property Description, Exhibit A, attached hereto and incorporated herein (the Premises).

B. The Redevelopment Agency of the City of Sacramento acquired the property for housing on March 21, 1986.

C. The dissolution of the Redevelopment Agency of the City of Sacramento in April 2012 required transfer of the property to the Housing Successor Agency.

D. The Housing Authority of the City of Sacramento elected to become the Housing Successor Agency.

E. LESSEE is entering into an interim lease for the buildings located at 3300 Stockton Blvd and 4545 9th Ave. in Sacramento to open William Lee College Prep as authorized by the Sacramento County Board of Education.

F. LESSEE desires this Interim Lease to allow students to use the field for play activities and physical education. The lot owned by the Housing Authority is adjacent to the structure leased by the Fortune school for classroom instruction.

G. No structures will be constructed on the parcel and Fortune School of Education is willing to participate in its maintenance and upkeep.

H. LESSEE acknowledges that LESSEE is leasing the Premises the housing Authority which is a Housing Authority formed pursuant to California State Law (California Health & Safety Code Sections 34200 *et seq.*) and that this document is governed by that law. This lease is consistent with, and furthers, the goals and needs of the Housing Authority such interim lease will assist in the maintenance and preservation of this asset which will be addressed when feasible.

IT IS AGREED:

1. LEASE TERM:

A. LESSOR grants to LESSEE a tenancy of the Premises for ONE (1) year commencing according to the Schedule in Section 2, below.

B. LESSOR shall have the right to cancel this Lease at no cost or penalty by giving LESSEE thirty (30) days written notice.

C. LESSEE understands and acknowledges that LESSOR intends to develop housing on the Premises, as soon as development becomes feasible. This LEASE and the use contemplated by his LEASE are, therefore, temporary in nature. LESSEE shall not by this LEASE or otherwise be entitled to relocation benefits or replacement property or premises resulting from expiration or termination of this LEASE.

D. There shall be no holdover beyond the initial lease term. Further use and enjoyment of the premises beyond the initial one year term shall be by written agreement only and pursuant to Housing Authority Governing Board approval at its sole discretion.

2. SCHEDULE:

A. The Lease term shall commence when the Premises are prepared for use, or the date LESSEE takes possession of the premises, whichever occurs first and in no instance later than September 1, 2012.

3. RENTAL RATE:

Consideration for this LEASE shall be the securing, maintenance of and insuring of the Property. There will be no monetary charge.

LESSEE shall at all times during this LEASE be responsible for and maintain and clean the Premises. This includes but is not limited keeping the Premises free of debris and mowing the grasses on the Premises once a week except for the months of November, December, January and February when mowing will be subject to the weather but in no case less than once every three weeks.

4. USE:

A. LESSEE accepts the Premises in its present "as is" condition and LESSOR is under no obligation to undertake any improvements to make the Premises suitable for LESSEE's intended use. LESSEE, at its sole cost, shall maintain the Premises in good condition and keep them free of garbage and debris.

B. The Premises shall be used by LESSEE only for customary school yard activities, including play activities and physical education, but for no other uses without LESSOR's written consent.

5. ALTERATIONS BY LESSEE:

LESSEE may make no alterations to the leased premises without the prior written consent of LESSOR. No building or structures shall be constructed on the Premises.

6. UTILITY SERVICE PAYMENT:

The LESSEE is responsible for any and all utilities, if any, that may be required in LESSEE's use of the Premises including but not limited to water, electricity and drainage.

7. INDEMNIFICATION:

LESSEE agrees to indemnify, defend and hold LESSOR and LESSOR'S governing boards, employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from any cause occurring in or about or resulting from an occurrence in or about Premises during the Lease Term; the negligence or willful misconduct of LESSEE or LESSEE's agents, employees, and contractors wherever it occurs; or, an Event of LESSEE's Default.

The provisions of this Section 7 shall survive the expiration or sooner termination of this Lease.

8. INSURANCE:

During the Lease Term, LESSEE must maintain the following insurance coverage from insurance providers licensed to do business in California and having an industry rating that is reasonably acceptable to LESSOR. Failure to maintain the required insurance is a material breach of this Lease. Before beginning any work under this Lease, LESSEE must provide LESSOR with certificates of insurance or copies of the insurance policies demonstrating the required coverage, and the required endorsements naming LESSOR as an additional insured. LESSEE must assure that such certificates and endorsements are in a form reasonably acceptable to the LESSOR and reflect fulfillment of all of the requirements of this Lease. LESSEE must assure that the coverage afforded under the policies can only be canceled after thirty (30) days prior written notice to the LESSOR of the pending cancellation. LESSEE must mark such notice to the attention of the LESSOR's Procurement Services Office at the following address:

The Housing Authority of the City of Sacramento
801 12th Street
Sacramento, California 95814
Attn: Risk Management

a) The required insurance coverage is the following: (i) Two Million Dollars (\$2,000,000) or more of commercial general liability coverage including, without limitation, coverage for liability, public liability and property damage. The liability shall be endorsed to name the LESSOR as an additional insured.

b) Cancellation: LESSEE will provide the LESSOR with the cancellation clause and/or any amendatory endorsements that modify or change the policy cancellation clause of the insurance policies in force. It is the LESSEE's responsibility to notify the LESSOR of any notice of cancellation, non-renewal or non-payment of premium in accordance with your policy provisions. In the event insurance is cancelled or not renewed, the LESSEE shall notify the LESSOR within forty eight (48) hours of such cancellation or non-renewal.

_____**LESSEE's Initials**

LESSEE is in material breach of this Lease for so long as LESSEE fails to maintain all of the required insurance. LESSOR has the right, but not the obligation, to pay any delinquent insurance premiums and any other charges to reinstate or maintain the required insurance policies and coverage. Upon LESSOR's demand, LESSEE must immediately reimburse LESSOR for any and all costs incurred by LESSOR in so obtaining or maintaining insurance.

9. REPAIR CONTRACT:

LESSOR shall designate sources to be called when repairs to the leased premises are required. Said sources shall be called in the event LESSEE is unable to contact LESSOR within a reasonable time.

10. RISK OF HAZARDS:

LESSEE shall not do anything on the Premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction.

LESSEE shall not do anything on the Premises, nor bring or keep anything thereon or use or apply chemical or hazardous materials on the Premises.

11. LESSEE OWNED ITEMS:

All permanent fixtures, partitions or other improvements made or installed under the requirements of this Lease, by either LESSOR or LESSEE, shall remain the property of the LESSOR. LESSEE shall repair any damage to the leased premises resulting from removal of any fixture, partition or other improvement installed by LESSEE.

12. GOOD NEIGHBOR:

LESSEE's use of the Premises shall be in a manner consistent with the general use of school yards located in residential neighborhoods.

13. WRITTEN COMMUNICATIONS:

A. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first class, certified mail.

Housing Authority of the City of Sacramento 801 12 th Street Sacramento, CA 95814	Fortune Charter School Margaret Fortune 2035 Hurley Way, Suite 200 Sacramento, CA 95825
<u>To LESSOR at:</u>	<u>To LESSEE at:</u>

Such matters shall be addressed to the other party at the following address or such other address as a party may designate to the other by notice:

B. Any matter mailed pursuant to this paragraph shall be deemed communicated within forty-eight (48) hours from the time of mailing.

14. RIGHT AND REMEDY:

No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provisions of the Lease.

15. RULES AND REGULATIONS:

LESSEE'S occupancy and use of the Premises shall at all times be conducted in manner that is in compliance with applicable statutes, regulations and ordinances. Violation of these Rules and Regulations will be a default by LESSEE, in which case LESSOR may terminate this Lease on 48 hours written notice.

LESSOR:
HOUSING AUTHORITY OF
THE CITY OF SACRAMENTO

LESSEE:
FORTUNE CHARTER SCHOOL

By: _____
LA SHELLE DOZIER,
Executive Director

By: _____
MARGARET FORTUNE,
President/CEO

DATE: _____

APPROVED AS TO FORM:

DATE: _____

AGENCY COUNSEL