

RESOLUTION No.

Authorize lease of Terminal 1 from the Bureau of Environmental Services to the Portland Housing Bureau for use as a temporary mass shelter

WHEREAS, Portland is experiencing a housing crisis with a shortage of affordable housing for very-low-income households. The 2015 Point-In-Time report shows 3,800 individuals who are homeless in Multnomah County on any given night, with an estimated 12,000 more who are in unsafe situations and imminently at risk of becoming homeless.

WHEREAS, the lack of overall improvement in Multnomah County's cumulative levels of homelessness between 2013 and 2015 can best be understood within the economic context of the past two years; in the last year along average rents across the City increased between 8-9%, while at the same time low-wage workers have experienced a decrease in inflation-adjusted wages and a reduced ability to find adequate and affordable rental housing;

WHEREAS, among point-in-time count respondents who answered a question about the causes of their homelessness, the most frequent responses were "unemployment" and "couldn't afford rent";

WHEREAS, the number of people in need of emergency shelter continues to remain high in our community, with 1,800 people counted as unsheltered and 872 people counted as in emergency shelter in the 2015 Point-In-Time report;

WHEREAS, recognizing the significant need to provide adequate, safe and habitable places for people experiencing homelessness to rest and sleep, the Portland City Council ("Council") declared a housing emergency on October 7, 2015 (the "Housing Emergency"), focused on establishing new temporary housing and shelter space; WHEREAS, pursuant to the Housing Emergency, PHB is working with local non-profit and private sector partners in coordination with the Joint Office of Homeless Services on a proposal to provide a temporary mass shelter and services for approximately up to 400 people (the "Temporary Shelter") as well as analyzing a proposal known as the Oregon Trail of Hope project ("Trail of Hope");

WHEREAS, the Terminal 1 site located at 2400 NW Front Avenue ("Terminal 1") has been identified as an immediate location for the Temporary Shelter and as a potential location for the Trail of Hope project;

WHEREAS, Terminal 1 is controlled by the Bureau of Environmental Services ("BES"), Council desires to transfer control of Terminal 1 to the Portland Housing Bureau ("PHB") for purposes of implementing the Temporary Shelter pursuant to an Intraagency Lease. During the term of the Intraagency Lease, PHB will undertake further analysis and assessment of Terminal 1 to determine the feasibility of the Trail of Hope project.

NOW, THEREFORE BE IT RESOLVED, that Council directs BES and PHB to execute the Intraagency Lease Agreement substantially in the form attached hereto as Exhibit A to be effective on October 7, 2016.

BE IT FURTHER RESOLVED, that Council directs the Office of Management and Finance to

engage the services of an independent real estate brokerage professional to determine a fair market, monthly rent amount for Terminal 1.

BE IT FURTHER RESOLVED, that Council directs BES and PHB to adopt the rent figure obtained by the Office of Management and Finance as the Rent defined in the Intraagency Lease Agreement.

BE IT FURTHER RESOLVED, that Council directs the reimbursement of the Sewer Fund from the General Fund of all reasonable past, current, and future expenses, including staff time and brokerage fees, incurred by BES in the marketing of Terminal 1 for sale and in the oversight by BES, if any, of the use of Terminal 1 as the Temporary Shelter.

Adopted by the Council:

Prepared by: Lisa Gramp
Date: July 28, 2016

Mary Hull Caballero
Auditor of the City of Portland
By

DRAFT

**INTRAGENCY
LEASE AGREEMENT**

This Intraagency Lease Agreement (this "Lease") is made this ___ day of ____, 2016 by and between the Portland Housing Bureau ("PHB") and the Bureau of Environmental Services ("BES"). BES and PHB may be referred to herein jointly as the "Parties" or individually as a "Party".

RECITALS

- A. PHB desires to lease from BES, and BES desires to lease to PHB, certain BES-controlled real property located at 2400 NW Front Avenue and commonly known as Terminal 1 and consisting of approximately 14.48 acres of land with a 96,000 square foot warehouse and more particularly described on Exhibit "A" attached hereto (collectively, the "Premises").
- B. Portland is experiencing a housing crisis with a shortage of affordable housing for very-low-income households. The number of people in need of emergency shelter continues to remain high in our community, with 1,800 people counted as unsheltered and 872 people counted as in emergency shelter in the 2015 Point-In-Time report.
- C. Recognizing the significant need to provide adequate, safe and habitable places for people experiencing homelessness to rest and sleep, the Portland City Council ("Council") declared a housing emergency on October 7, 2015 (the "Housing Emergency"), focused on establishing new temporary housing and shelter space.
- D. Pursuant to the Housing Emergency, PHB is working with local non-profit and private sector partners in coordination with the Joint Office of Homeless Services on a proposal to provide a temporary mass shelter and services for approximately up to 400 people at the Premises (the "Temporary Shelter").
- E. Also, pursuant to the Housing Emergency, PHB is working with local non-profit and private sector partners on the analysis and proposal to provide services at the Premises known as the Oregon Trail of Hope project ("Trail of Hope").
- F. Subject to the terms and conditions set forth herein, PHB desires to use the Premises for the Temporary Shelter and for the purpose of further assessing the feasibility of Trail of Hope and its subsequent implementation and operation.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, BES and PHB hereby agree as follows:

Section 1. Term and Termination.

1.1 Term. The term of this Lease will commence on October 7, 2016 (the "Commencement Date") for a term of six (6) months (the "Term"), unless termination occurs in compliance with the terms of this Lease, is agreed upon in writing, or occurs because Council directs cancellation, modification or termination. Before the expiration of the Term, PHB, upon written notice to BES, may seek six-month renewals of this Lease, but only to the extent that the Housing Emergency will remain in effect during such extensions of the Term and Council approves any such extension or renewal of the Lease.

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- Deleted: or to the extent that Council acts otherwise to modify this Lease.

1.2 Amendments. This Lease may be amended, modified or extended without new consideration, but only by written instrument executed by the Parties.

1.3 Effect of Termination. PHB's right to possession and PHB's obligations under this Lease shall commence on the Commencement Date. At the conclusion of the Term, both BES and PHB shall be relieved of all further obligations under this Lease. However, any liability resulting from any act or omission which occurred during the Term of this Lease shall be the responsibility of PHB and shall survive the expiration or other termination of this Lease.

Section 2. Funding and Rent.

2.1 Funding. BES shall have no responsibility for any costs or expenses in connection with this Lease, the Temporary Shelter or Trail of Hope. For avoidance of doubt, no ratepayer funds shall be used in connection with this Lease, the Temporary Shelter or Trail of Hope.

2.2 Rent. During the Term, PHB shall pay to BES \$ _____ per month (the "Rent"). The Rent shall be payable on the first day of each month to BES. In the event of commencement or termination of this Lease at a time other than the beginning or end of a month, the Rent shall be prorated on a daily basis.

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- Deleted: 10,000

Section 3. Permitted Use; Operation

3.1 Use. PHB shall use the Premises for the purposes of: (i) implementing the Temporary Shelter; and (ii) further assessing and determining the feasibility of Trail of Hope, including obtaining any permits and/or approvals required for use of the Premises for the Temporary Shelter, its implementation and subsequent operation by a third party to be selected by PHB (the "Operator") in coordination with the Joint Office of Homeless Services, all without expense whatsoever to BES. PHB shall have exclusive use of the Premises subject to BES's right to enter into or upon the Premises for the purposes of examining the condition thereof, or for any other lawful purpose. BES's right of inspection shall not unreasonably interfere with PHB's use of the Premises. PHB shall promptly provide copies of all documents obtained or submitted by PHB for the purpose of seeking the permits and/or approvals required by this paragraph.

3.2 Operation. Because PHB's lease of the Premises is to immediately implement the Temporary Shelter, PHB may sublease to the Operator or otherwise permit operation of the Premises by the Operator so long as any sublease or operating agreement permitting such operation requires the Operator to obtain insurance coverage in amounts generally required for similar City projects and that Operator defend, indemnify and hold harmless the City from and

against all claims, costs, expenses, losses, damages, and liabilities, including, without limitation, reasonable legal, accounting, and other expenses which may be imposed on or incurred as a result of PHB's lease of the Premises.

3.3 BES Reimbursement. Any activities performed by PHB upon the Premises shall be without expense of any kind (direct or indirect) whatsoever to BES. PHB shall be solely responsible for all maintenance and operating costs relating to the use of the Premises. Should BES incur costs or real property taxes as a result of PHB's use of the Premises, PHB agrees to reimburse BES promptly upon the presentation of an invoice and documentation of such expense.

Section 4. Restrictions on Use; Hazardous Substances

4.1 Compliance with Laws. PHB shall, in the use of the Premises, comply with all rules, regulations, and laws in effect by any local, state or federal authority having jurisdiction over the Premises. PHB is solely responsible for obtaining any other permits or approvals as may be necessary for the use of the Premises and will promptly provide copies of all related documentation to BES. In addition, PHB shall notify the Oregon Department of Environmental Quality of the proposed change to residential use of the Premises, with copies to BES.

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4.2 Hazardous Substances. Neither PHB nor PHB's agents or employees shall cause or permit any Hazardous Material, as hereinafter defined, to be brought upon, stored, used, generated, released into the environment or disposed of on, in, or about the Premises, except in a manner that complies with all laws regulating any such Hazardous Materials and with good business practices. PHB covenants to remove from the Premises upon expiration or sooner termination of this Lease and at PHB's sole cost and expense, any and all Hazardous Materials brought upon, stored, used, generated, or released onto the Premises by PHB, its licensees, agents, or employees during the Term. PHB shall promptly notify BES of any release of Hazardous Materials on, in, or about the Premises that PHB, PHB's agents or employees becomes aware of during the Term, whether caused by PHB, PHB's agents or employees, or any other persons or entities. As used herein the term "Hazardous Materials" includes, without limitation, any material or substance that is 1) defined as a hazardous waste, hazardous substance or hazardous material under any federal, state or local law, 2) petroleum, and 3) asbestos.

4.3 Additional Use Restrictions. No subsurface ground penetration, disturbance or removal of any structures will be allowed on the Premises.

Section 5. Maintenance Obligations

5.1 PHB Maintenance Obligations. The Parties acknowledge and agree that PHB's use of the Premises under this Lease is temporary. Accordingly, PHB shall make no structural improvements to the Premises. PHB shall maintain and keep the Premises in a clean and orderly condition at all times and shall be responsible to remove litter, scrap, rock, or debris of any kind during the Term of this Lease, whether this material was left by PHB or not. PHB shall be responsible for and shall repair any damage to existing improvements, including landscaping and sidewalks that are caused by or may result from PHB's use of the Premises. PHB shall remove all graffiti within 48 hours of discovery.

5.2 **BES Obligations.** Throughout the Term, BES shall have no obligation to repair or maintain the Premises and shall not be required to furnish to PHB any facilities, services or utilities of any kind without prompt payment therefor. BES shall in no event be required to make any alterations, rebuildings, replacements, changes, additions, improvements, or repairs during the Term. In addition, during the Term, BES shall not enter into any agreements with respect to the sale, lease, maintenance or operation of the Premises or any portion thereof that would negatively impact the use of the Premises by PHB.

Section 6. Surrender and Early Termination

6.1 **Surrender.** Upon termination of this Lease, PHB shall remove all temporary facilities and other personal property from the Premises and repair any damage to the Premises that is caused by or may result from PHB's use of the Premises and shall restore the Premises to the same or better condition as existing immediately prior to PHB's taking possession of the Premises, or to such other condition as BES may reasonably approve. If restoration is impossible or, at BES's discretion, in lieu of restoration, PHB shall compensate BES for any physical damage to the Premises in the amount BES and PHB may reasonably determine.

6.2 **Early Termination.**

6.2.1 PHB may terminate this Lease at any time by providing BES with thirty (30) days advance written notice of its intent to so terminate.

6.2.2 The Parties may agree to early termination in writing at any time during the Term.

6.2.3 Termination pursuant to this Section 6.2 shall relieve both BES and PHB of all further obligations under this Lease with respect to the Premises, except that any liability resulting from any act or omission of PHB which occurs during the Term of this Lease shall survive the expiration or other termination of this Lease.

Section 7. Dispute Resolution.

If a dispute arises regarding this Lease, the Parties agree to exercise good faith in expeditiously resolving any conflict by discussion and resolution first through their respective Project Managers. The Project Manager for PHB is Jennifer Chang. The Project Manager for BES is _____ . If the conflict cannot be resolved by the Project Managers, then the conflict should be brought to the attention of the Directors of PHB and BES. Any conflict not resolved by direct communication between the Directors of the two bureaus will be brought to the attention of the Commissioners in Charge of the two bureaus for further discussion and resolution. Council shall be the final arbiter of any interbureau dispute that cannot be resolved by any of the other processes noted.

IN WITNESS WHEREOF, PHB and BES have caused this Lease to be executed by their duly authorized officers on the Effective Date.

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PHB:

**The City of Portland Acting by and through the
Portland Housing Bureau**

By: _____
Kurt Creager, Director

BES:

**The City of Portland Acting by and through the
Bureau of Environmental Services**

By: _____
Michael Jordon, Director

Approved as to Form

Lisa Gramp, Deputy City Attorney

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EXHIBIT A
Premises Description

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IMPACT STATEMENT

Legislation title: Authorize lease of Terminal 1 from the Bureau of Environmental Services to the Portland Housing Bureau for use as a temporary mass shelter

Contact name: Brendan Finn

Contact phone: 503-823-4151

Presenter name: PHB Staff

Purpose of proposed legislation and background information:

Portland is experiencing a housing crisis with a shortage of affordable housing for very Low-income households. The 2015 Point-In-Time report shows 3,800 individuals who are homeless in Multnomah County on any given night, with an estimated 12,000 more who are in unsafe situations and imminently at risk of becoming homeless. Oregon Trail of Hope, PHB and the Joint office for homeless services will establish an operating agreement. The Shelter would provide shelter and services for up to approximately 400 homeless adults and couples. Oregon Trail of Hope has met with Council members and staff, City Bureaus staff, joint office for homeless services staff, non-profit providers.

Financial and budgetary impacts:

The Portland Housing Bureau will cover the lease payment of Terminal 1 for the first 6 months for the temporary shelter. If the 2016 Point-in-Time report shows that there is still a significant need for shelter beds and the temporary shelter will assist in filling that need, the Portland Housing Bureau is prepared to cover up to 18 months of the lease payment.

Community impacts and community involvement:

The expected opening date of the Terminal 1 shelter is November 1st 2016. Oregon Trail of Hope and the City will have a public comment process, specifically looking to engage those directly affected by this action. Commissioner Saltzman and staff have been taking questions and comments from residents who are both concerned and supportive of the proposal, and will continue to do so.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount