



CITY COUNCIL STAFF REPORT

DATE: October 28, 2021 NEW BUSINESS

SUBJECT: DISCUSSION OF POTENTIAL NAVIGATION CENTER AT 3589 MCCARTHY ROAD

FROM: Justin Clifton, City Manager

BY: Community & Economic Development Department

SUMMARY:

For the past many months, City Staff has been working to identify potential locations to build a homeless navigation center that could provide transitional housing and wrap-around services for unhoused Palm Springs residents. Recently, City Staff was made aware of an opportunity to assume a current purchase contract from Fred Noble for property located at 3589 McCarthy Road (Site, **Attachment 1**). There are structures on the property that could be retrofitted much more quickly and more cost effectively than other properties identified by Staff for this use. Additionally, Mr. Noble is willing to assign the purchase agreement to the City at no additional cost except the current purchase price.

One of the more persistent challenges in addressing homelessness in Palm Springs has been the lack of a comprehensive facility such as a navigation center where shelter, food, and the full suite of support services can be co-located. Building a navigation center provides a unique opportunity to greatly expand on recent progress, including opening of the Access Center in partnership with Martha's Village and Kitchen. A well-managed navigation center would greatly expand our ability to serve our unhoused population and reduce secondary impacts that can negatively impact quality of life. This is a request for the City Council to consider utilizing the Site as a navigation center for unhoused individuals in the City of Palm Springs that will provide those services.

RECOMMENDATION:

Discuss options for establishing a navigation center in the City of Palm Springs, and direct Staff as appropriate.

BACKGROUND:

Communities across the United States are struggling to deal with homelessness. In Palm Springs, residents and businesses report worsening problems including increasing rates

of disturbance, trash, violence, mental illness and substance abuse. Numerous programs offered by area service providers have had success providing the support services to lift people out of homelessness. But one of the most significant deficiencies that inhibits progress has been the lack of a housing-first solution with robust support services. A navigation center is meant to provide the opportunity to significantly expand our ability to serve our local unhoused residents and reduce secondary impacts that are compounded by the fact that there is no place for unhoused individuals, and their belongings, to go.

Numerous reports and best practices point to the need for a navigation center. On January 29, 2020, Barbara Poppe and Associates, a highly regarded expert consulting firm dealing with homelessness, affordable housing, public health, and anti-poverty strategies, assisted the City with planning to address homelessness. Ms. Poppe's overarching recommendation was to focus and concentrate funding toward new housing and services.

In addition, the Riverside County Continuum of Care (CoC) recently retained LeSar Development Consultants to conduct a homelessness performance assessment and gaps analysis. The report, released in June 2021, identified areas of need in the County of Riverside's homeless services system. Among the findings were the following:

- In conversations, survey responses, and the Housing Inventory Count, there was unanimity in the critical shortage of shelter and interim housing to meet the need of a rising number of people experiencing unsheltered homelessness.
- When looking at housing interventions, both the quantitative data and feedback from stakeholders underlined the fact that interventions like permanent supportive housing and rapid re-housing need to be further scaled up to meet the need.
- The Riverside homeless response system had a net gain of persons in the homelessness system, which calls for continued efforts in prevention, upstreaming solutions, discharge planning, and the addition of sufficient units to meet the demand.

These findings, while important, do not sufficiently capture the scope of the homelessness problem. This is a humanitarian crisis, and it seems to stem from a structural failure where those who are most in need have the least chance of securing shelter. Limited housing supply and low wages push the cost of decent housing further out of reach, particularly for those with low or no income. As more individuals find themselves without shelter – whether that be due to behavioral, economic, family, or medical issues – their ability to find new shelter is made even more difficult with increasing housing costs and a lack of housing supply.

Unhoused residents have no place to go. They are unable to shower, travel, or sleep safely at night. Without clean clothes, a residential address, and a place to leave their belongings, it becomes harder and harder to find work, a place to stay, or even to find a sense of connection to their community. In their search for food, clothing, shelter, and

money, they may become desperate, and resort to desperate behavior. Such behaviors are exactly what residents ask the City to resolve.

The general increase in the homeless population in the area have resulted in challenging conditions for area residents and businesses. It is also a drain on City resources and staff being called to respond to more and more incidents. Having a navigation center will provide a place for unhoused individuals to go. It will provide a place where individuals can store belongings, seek behavioral, mental, and medical services; search for employment and housing; and access mail, income and benefits and other stabilizing aspects of life necessary to get back on their feet.

Furthermore, the City's recent success with the Palm Springs Access Center (PSAC) is proving that homeless services can be expanded while secondary impacts are reduced to the surrounding community. The City made a substantial investment in partnering with Martha's Village and Kitchen, backed by a strong service agreement. The result has been more than 200 unduplicated individuals seeking services with little to no complaints from area residents. Martha's is providing professional management directed by strong conditions on operations including:

- Cause No Disturbance. The Contractor shall monitor outdoor parking areas, walkways, and adjoining properties and shall take all necessary measures to ensure that customers do not loiter, create noise, litter, or cause any disturbances while on-site. The Contractor or subcontractors shall ensure that at closing time, all customers leave the property promptly and that the property is clean and secure before the owner/operator leaves the premises.
- Comply with City Noise Ordinance. The Contractor shall comply with the provisions of Section 11.74 Noise Ordinance of the Palm Springs Municipal Code. Violations may result in revocation of this Agreement.
- On-site Security. The Contractor shall be required to provide on-site security staff.
- Loitering. Patrons of the facility shall not be permitted to loiter on the subject site or on adjacent parcels. On-site security staff shall be responsible for monitoring and reporting incidents of loitering.
- Lighting. City to provide adequate lighting at all entrances. Contractor to maintain lighting and ensure building entrances remain illuminated between sunset and sunrise.
- 24-Hour Contact Number. The Contractor shall be required to maintain a 24-hour contact number visible and available to the public to report any disturbances or issues related to the facility.

- Exterior Alarms & Audio Systems. No sirens, outside paging or any type of signalization will be permitted. Contractor may install silent alarm with remote 24-hour monitoring.
- Video Cameras. Contractor may install video cameras with remote 24-hour monitoring ability.
- No off-site Parking. Vehicles associated with the operation of the proposed development including company vehicles or employee's vehicles shall not be permitted to park off the proposed building site unless a parking management plan has been approved.
- Bicycle Parking. The project shall be required to provide secure bicycle parking facilities on site for use by patrons and employees. Location and design shall be approved by the Director of Development Services.
- Security Plan. A security plan, reviewed and approved by the Police Department, shall be required to establish security protocol for the subject property. The security plan shall address site lighting, security cameras, and any other security features deemed necessary by the Police Department. The security plan may be modified by the Police Department at any point in the future based on any identified security concerns.
- On-site Security. On-site security shall conform to the minimum requirements identified in PSMC Section 5.52. On-site security personnel shall be required to wear uniforms in accordance with PSMC Section 5.52.100, or as may otherwise be approved by the Police Department. The applicant shall provide the names of all on-site security personnel to the Police Department and shall notify the Police Department within forty-eight (48) hours of any changes to the list of security personnel.

Again, evidence from recently improved service agreements and professional management provide greater confidence that additional services offered through a navigation center can be managed in a way that increases access to services that reduce homelessness, while decreasing secondary impacts.

Other communities, such as the City of Pomona, have also seen decreases in reported incidents that negatively impact quality of life related to unsheltered residents after opening service-rich navigation centers. These centers have become part of the collection of best practices used to address homelessness in communities across the country. Providing a navigation center designed to meet the needs of persons experiencing homelessness would be a notable step forward in the City's ongoing efforts to address homelessness.

In addition to providing services directly to unhoused residents, a navigation center with comprehensive services has potential to provide services to housed residents such as

childcare; assisting individuals with securing health, disability, social security, and other benefits; computer skills, access to internet, employment support and assessments; basic first aid; computer labs; and referrals to other resources. An appropriately sized facility and property could also provide an opportunity to co-locate other services such as the County Mental Health and Behavioral Health or to have an on-site medical clinic.

Given the availability of one-time funds from the County of Riverside, the State providing even more funding to address homelessness, and the Site currently being offered to the City, the City has a unique opportunity to make an investment on a scale that holds the promise of making a real difference in the lives of the sheltered and unsheltered residents of Palm Springs, reducing secondary impacts, and providing new services to the community.

STAFF ANALYSIS:

The Site is 3.64 acres and has three buildings totaling 46,760 square feet. The buildings can be identified as A, B, and C as follows:

- Building A: 12,980 Square Feet (used as a photography studio)
- Building B: 7,980 Square Feet (used for minor vehicle service, warehouse/office)
- Building C: 25,800 Square Feet (used as a warehouse/office)

The Site is currently listed for sale for \$6,250,000. Mr. Noble has the property under contract for approximately \$5,900,000, which would be the cost to acquire the Site. The estimated cost to renovate the property for the proposed use is \$6,208,000. Mr. Noble will not be requesting a fee to have the Agreement assigned to the City. He has also indicated he is receiving no compensation from any other party. The total cost to purchase the site and renovate it is \$12,108,000.

The County of Riverside has recently approved allocations for funds it received from the American Rescue Plan Act (ARPA). The total ARPA allocation to the County of Riverside was \$479,000,000. However, the amount allocated at the County Board of Supervisor meeting on October 19, 2021, is for the first installment of \$239,937,299. The second installment of ARPA funds is expected to be received by May 2022.

The County's allocation for ARPA funds for Housing and Homelessness is \$50,000,000. These funds are to focus on projects and/or programs that serve as a pathway to transition into permanent housing with the necessary supporting infrastructure. The allowable uses include increasing local sheltering capacity. The \$50,000,000 allocated for Housing and Homelessness will be further divided into five \$10,000,000 allocations to each Supervisorial District.

The Supervisor's office has informed Staff that a portion of the ARPA funds allocated to the 4th Supervisorial District will be available to assist with acquiring the Site and renovating it as a navigation center. The amount of funds required from the City to acquire and renovate the Site depends on the amount of funds to be contributed by the County,

which are estimated at \$7 million. It should be noted the ARPA funds must be spent by December 30, 2024.

For comparison purposes, Staff has identified other available industrial buildings and vacant land that may also be used to renovate or newly construct as a navigation center. The average cost per square foot of the comparable buildings is \$136.23, with a high of \$162.50 and a low of \$120.02. The Site, at \$126.18 per square foot, may be acquired at a relatively reasonable price.

The cost to renovate the industrial building as a navigation center is approximately \$155.00 per square foot, or \$6,208,060 for the Site. Renovation work would include commercial kitchen, interior walls, new doors and windows, new electrical panels, utilities, landscaping, pod Infrastructure, onsite parking, curbs, and walkways, and fire sprinklers.

Alternatives

1) 3589 McCarthy Road

As noted above, the Site is 3.64 Acres and has three buildings totaling 46,760 square feet. It is zoned as Planned Development and adopts the same uses as M-1 Industrial Zone. The entitlement process could include Planning Commission approval of a Conditional use Permit (CUP). The site is immediately adjacent to both single-family and multifamily residential uses. One hundred thirty-seven (137) households were identified within a 500-foot radius of this site. Commercial services are located within 0.6 miles of this site including restaurants. This site is close to public transportation served by Sunline Transit Route 4 along Rosa Parks Road. An aerial view of the site is provided below.



2) 1243 Gene Autry Trail

This site is currently listed for \$2.365 million. It is 2.1 acres and has a 28,038 square foot multi-tenant building. Nineteen (19) households were identified within a 500-foot radius of this site. Commercial services are located .45 miles from this site including restaurants, and the site is served by Sunline Route 2. It should be noted that this site currently has tenants whose leases do not expire until 2025, which would delay any planned improvements. Furthermore, the linear building layout does not offer the same options as the Site which provides a campus like setting with opportunities to utilize each of the three buildings for different purposes.



3) 4775 E. Ramon Road

This site is currently listed for sale at \$6.5 million. It is 2.03 acres and has a 40,000 SF Building. Forty-five (45) households were identified within a 500-foot radius of this site. Commercial services are located .1 miles from this site including restaurants, and the site is served by Sunline Route 2. This site is shown for comparison purposes as it is currently under contract for sale to another party.



A summary of the estimated renovation costs, plus the acquisition costs for the Industrial Buildings is shown below:

Acquisition and Renovation Cost Comparison – Industrial Building

Industrial Buildings	Purchase Price	Estimated Renovation Cost (\$155 psf)	Estimated Total
(1) 3589 McCarthy	5,900,000	6,208,060	12,108,060
(2) 1243 Gene Autry	3,365,000	4,345,890	7,710,890
(3) 4775 E. Ramon	6,500,000	6,200,000	12,700,000

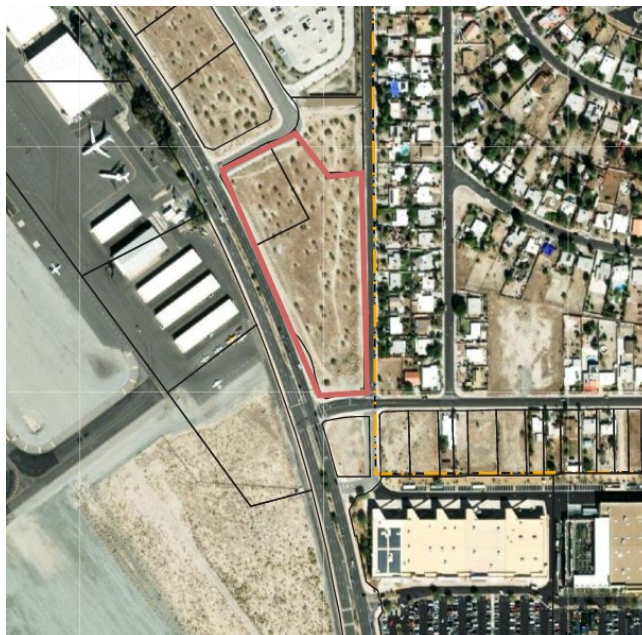
The cost to construct a similar facility on vacant land would be approximately \$15,099,604, or \$377.00 per square foot for new construction. The cost per square foot for new construction is higher due to the need for on-site and off-site infrastructure such as:

- Offsite curb, paving, sidewalks, gutters
- On-site stormwater drainage or storage
- Concrete foundation and slabs
- Exterior framing, plumbing, HVAC, and ducts
- Longer time for completion

Alternative vacant land sites are shown below.

4) N. Gene Autry Trail

This site was acquired by the City as part of the GRIT Settlement. It's approximate value is \$1.9 - \$2.2 million. It is 5.6 acres and is zoned Planned Research and Development Park M-1-P. A Conditional Use Permit would be required for use as a Navigation Center. The majority of site is in the B-1 Zone of the Airport Land Use Compatibility Plan; density is limited to no more than 50 persons per acre, and "day care centers" are a prohibited use. City Council may potentially override the restrictions of the ALUC. Forty-two (42) households were identified within a 500-foot radius of this site. Commercial services are located within .1 miles of this site including grocery. This site is served by Sunline Route 2 along Ramon Road (.3 miles).



5) San Rafael and McCarthy

This site is adjacent to the subject Site. It is currently listed for \$2.5 million. It is 5.09 acres and is zoned R-2 (Limited Multiple Family Residential Zone). The entitlement process for the proposed use requires a CUP. This site is close to public transportation served by Sunline Transit Route 4 along Rosa Parks Road. Three hundred eleven (311) households were identified within a 500-foot radius of this site. This site is immediately adjacent to both single-family and multifamily residential uses; potential impacts to residential uses. Commercial services are located within .5 miles of this site including restaurants.



6) E. Ramon Road

This site is owned by the Airport and has an estimated value of \$1.3 million (based on the Gene Autry Land Value). It is 4 acres and is zoned M-1 (Industrial). The entitlement process for the proposed use would require Planning Commission approval of a CUP. This entire site is located in the B-1 Zone of the ALUC. Density is limited to not more than 0.05 dwelling units per acre, or not more than 50 persons per acre, with “day care centers” a prohibited use. City Council may overrule the Planning Commission to allow uses that may not be consistent with the ALUC. No households were identified within a 500-foot radius of this site. Commercial services are located within 0.07 miles of this site including a restaurant. This site is directly adjacent to public transportation and is served by Sunline Transit Route 2 along Ramon Road. This site is directly north of the Social Security Administration and other social services.



7) El Cielo Road

This site was last appraised for \$866,840 in February of 2020. It consists of 2 acres of vacant land. It is zoned CU (Civic Uses). The entitlement process for the proposed use consists of an Administrative approval. Two hundred ten (210) households were identified within a 500-foot radius of this site. Commercial services are located .25 miles from this site including restaurants. This site is served by Sunline Routes 2 and 4. It is adjacent to the Palm Springs Access Center.



A summary of the estimated vacant land acquisition and new construction costs is shown below:

Acquisition and New Construction Comparison – Vacant Land

Vacant Land	Purchase Price / Value	Estimated Construction Cost (\$377 psf)	Estimated Total
(4) Gene Autry	1,902,265	15,099,604	17,001,869
(5) San Rafael/McCarthy	2,500,000	15,099,604	17,599,604
(6) Ramon Road	1,359,072	15,099,604	16,458,676
(7) El Cielo	866,840	15,099,604	15,966,444

Estimates for renovation and new construction costs were provided by the City’s contract architect, Cioffi Architect. Additional images and details for each of the comparable sites (1 – 7) is provided on **Attachment 2**.

Entitlement Requirements and Timeframes

Facilities for homeless services generally require approval of a Conditional Use Permit (CUP) in most zone districts. A CUP would not be required for an emergency shelter in the M-2 (Manufacturing) zone, nor would a CUP be required for homeless facilities in the CU (Civic Uses) zone. Approval of a CUP takes approximately 90 days upon submittal of an application and can be approved by the Planning Commission as final action unless appealed or requested for review by the City Council. No additional entitlements are required where an existing building is being retrofitted (such as Alternatives 1, 2 and 3), other than the issuance of building permits. Where a new building is being constructed (such as Alternatives 4, 5, 6 and 7), approval of a Development Permit and Architectural Review Application is required; approval of these applications can take approximately four to six months, depending on the complexity of the site and any unique conditions, such as proximity to the Airport. As noted, the retrofit of an existing facility can be completed much more quickly than construction of a new building due to the timeframe for entitlements, permitting, award of contracts, and construction.

In addition, the time required to construct new buildings takes approximately twice as long as renovating existing buildings. The new construction time frame is approximately 24 months. For those properties requiring approval from the County Airport Land Use Committee (ALUC) an additional two months is estimated to receive ALUC approvals. The estimated time frame for renovating existing buildings is 12 months. Thus, renovating existing buildings is an opportunity to create a navigation center in approximately half the time as new construction (12 months as opposed to 24 months).

It is anticipated that a request for proposal (RFP) process will be initiated to identify a qualified navigation center operator should the City Council wish to proceed with purchasing the Site to establish a navigation center. It is Staff's understanding that in addition to utilizing the Site for no cost, service providers would need financial assistance for the first two years in the approximate amount of \$500,000 per year. During that time, service providers would seek grants and other funding opportunities. After that time, they will rely on the grants and other funding secured through those efforts.

ENVIRONMENTAL IMPACT:

The requested City Council action is not a "Project" as defined by the California Environmental Quality Act (CEQA). Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Should direction be provided to move forward with the development of a homeless navigation center, potential environmental impacts will be assessed at the entitlement stage of the project.

FISCAL IMPACT:

As a discussion item there is no fiscal impact.

REVIEWED BY:

Department Director:	Jay Virata
City Manager:	Justin Clifton

ATTACHMENTS:

1. Site Map.
2. Comparable Property Details.

ATTACHMENT 1

SITE MAP



3589 McCarthy Road

Lot Size: 3.64 Acres

Zone: PD

General Plan: MU

ATTACHMENT 2
COMPARABLE PROPERTY DETAILS

(1) 3589 McCarthy

- \$5.9 Million (under contract)
- 3.64 Acres - 46,760 SF Building Area
 - Bldg. A – 12,980 SF
 - Bldg. B – 7,980 SF
 - Bldg. C – 25,800 SF
- Zoning: PD (adopts same uses as M-1 Industrial Zone)
- Entitlement Process: Planning Commission approval of a Conditional use Permit (CUP)
- Note: Site immediately adjacent to both single-family and multifamily residential uses; potential impacts to residential uses.
- 137 households were identified within a 500-foot radius of this site.
- Commercial services are located within 0.6 miles of this site including restaurants.
- This site is close to public transportation served by Sunline Transit Route 4 along Rosa Parks Road.



(1) 3589 McCarthy (cont.)



(2) 1243 N. Gene Autry

- \$2.365 Million
- 2.1 Acres – 28,038 Multi-tenant Building
- 19 residents were identified within a 500-foot radius of this site.
- Commercial services are located .45 miles from this site including restaurants.
- This site is served by Sunline Routes 2.



(3) 4775 E. Ramon Rd.

- \$6.5 Million
- 2.03 Acre. 40,000 SF Building
- 45 residents were identified within a 500-foot radius of this site.
- Commercial services are located .1 miles from this site including restaurants.
- This site is served by Sunline Routes 2.



(3) 4775 E. Ramon (cont.)



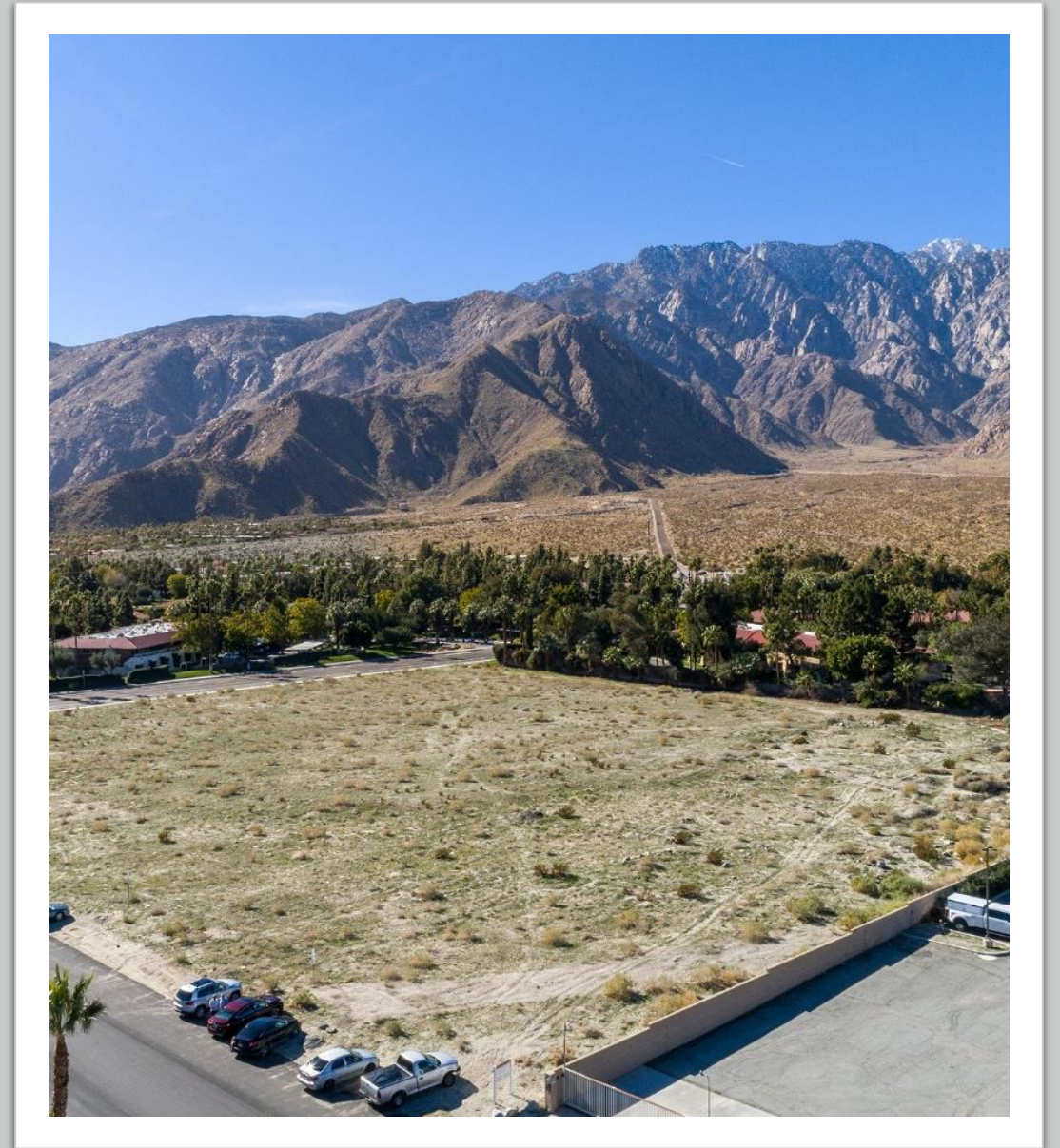
(4) N. Gene Autry Trail

- \$1.9 – \$2.2 Million
- 5.6 acres – Vacant Land
- Zoning: M-1-P (Planned Research and Development Park); Entitlement Process: CUP
- Note: Majority of site is in the B-1 Zone of the Airport Land Use Compatibility Plan; density is limited to no more than 50 persons per acre, and “day care centers” are a prohibited use. City Council may potentially override the restrictions of the ALUC.
- 42 households were identified within a 500-foot radius of this site.
- Commercial services are located within .1 miles of this site including grocery.
- This site is served by Sunline Route 2 along Ramon Road (.3 miles).



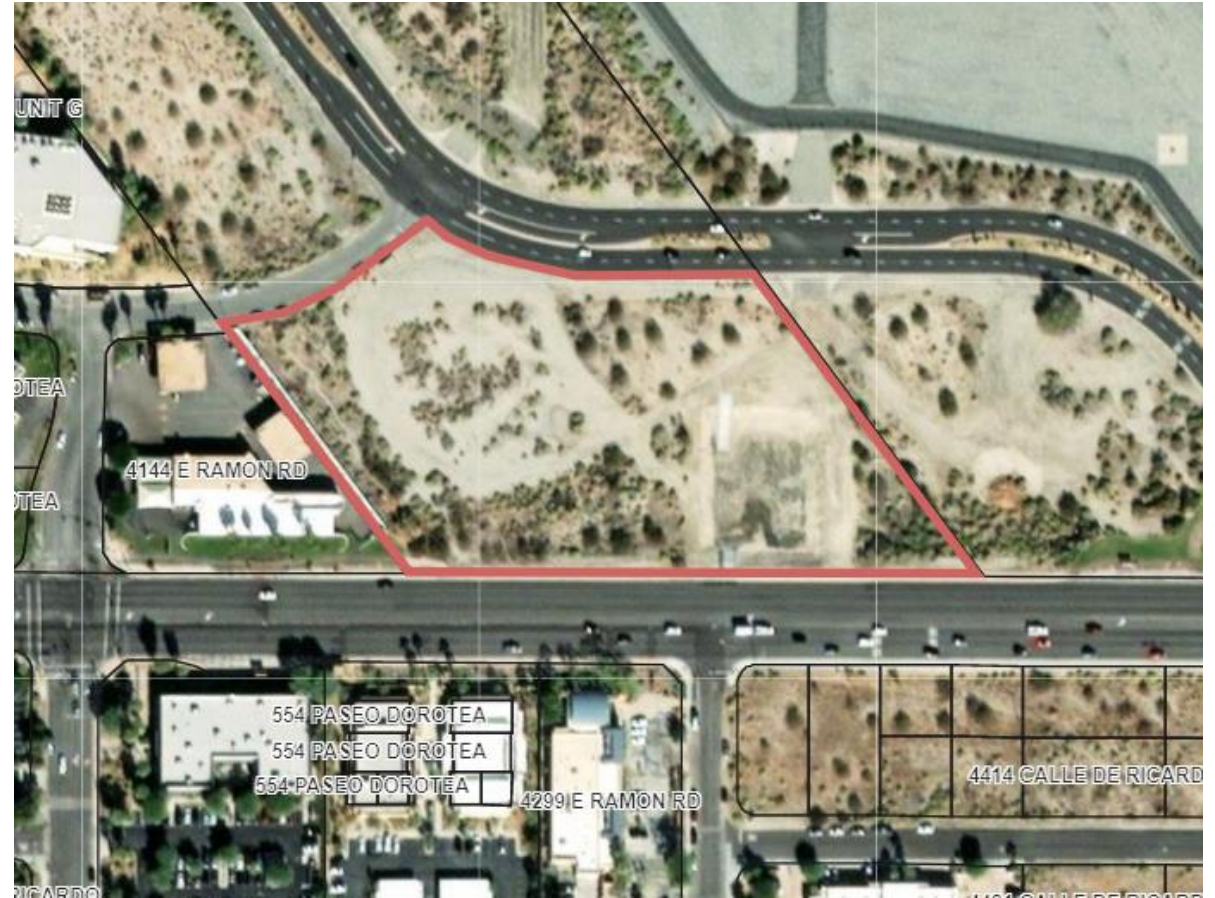
(5) San Rafael and McCarthy

- \$2.5 Million
- 5.09 Acres - Vacant Land
- Zoning: R-2 (Limited Multiple Family Residential Zone)
- Entitlement Process: CUP
- This site is close to public transportation served by Sunline Transit Route 4 along Rosa Parks Road.
- 311 households were identified within a 500-foot radius of this site.
- Note: Site immediately adjacent to both single-family and multifamily residential uses; potential impacts to residential uses.
- Commercial services are located within .5 miles of this site including restaurants.



(6) E. Ramon Road

- \$1.3 Million (Using Austry Land Value)
- 4 acres – Vacant Land
- Zoning: M-1 (Industrial);
- Entitlement Process: Planning Commission approval of a Conditional use Permit (CUP)
- Note: This entire site is located in the B-1 Zone of the ALUC. Density is limited to not more than 0.05 dwelling units per acre, or not more than 50 persons per acre, with "day care centers" a prohibited use. City Council may overrule the Commission to allow uses that may not be consistent with the ALUCP
- No residents identified within a 500-foot radius of this site.
- Commercial services are located within 0.07 miles of this site including a restaurant.
- This site is directly adjacent to public transportation and is served by Sunline Transit Route 2 along Ramon Road.
- This site is directly north of the Social Security Administration and other social services



(7) El Cielo

- \$866,840
- 2 Acres – Vacant Land
- Zoning: CU (Civic Uses); Entitlement Process: Administrative
- 210 residents were identified within a 500-foot radius of this site.
- Commercial services are located .25 miles from this site including restaurants.
- This site is served by Sunline Routes 2 and 4.

