

Amendment to Council Policy 7-1 “Below Market Rental Policy”

*Item # 8.1
April 6, 2021*

*Nanci Klein, Director, OED
Kevin Ice, Senior Manager, Real Estate Services
Cameron Day, Deputy City Attorney*

7-1 Policy

- Governs use of City facilities leased to public, quasi-public, or community service groups at below market rates
- Tenants must provide a public benefit
- Tenants are to maintain facility in exchange for nominal rental fee
- Existing policy limited to short term agreements
- Existing policy sets unrealistic reporting obligations

7-1 Policy Limitations

- Does not apply to Neighborhood Center Partner Program (Reuse) facilities
 - Council Policy 7-12 governs Community Center leases, supersedes Council Policy 7-1
- Does not apply to City Parks
 - Council Policy 7-8 governs City Parkland leases
- Does not apply to properties with other legal obligations, preexisting commitments, or conflicting Council direction
 - For example, Council Policy 6-31, Use of San Jose/Santa Clara Water Pollution Control Plant Lands

Staff recommend adopting the amended Policy 7-1 with the following changes

- Addresses recommendations of Audit Report #08-04, Oversight of Financial Assistance to Community-Based Organizations
 - Allow for long-term leases, while maintaining City's flexibility to change use of property
- Allows termination of lease if tenant is no longer providing adequate public service
 - Maintains ability to terminate without cause or when City need arises
- Allows leasing property that could be declared surplus to the needs of the City
- Streamlines reporting obligations