



June 10, 2015

Item No. 5

**REQUEST FOR AUTHORIZATION TO EXECUTE A SECOND AMENDMENT TO OFFICE SPACE LEASE BETWEEN A SAFE HAVEN FOUNDATION AND CHICAGO HOUSING AUTHORITY EXTENDING THE TERM OF THE LEASE AGREEMENT AND APPROVE A RENT INCREASE AND OTHER RELATED EXPENSES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute a Second Amendment to the Lease Agreement between A Safe Haven Foundation and Chicago Housing Authority (“CHA”) to extend the term of the lease through February of 2016 and approve a 5% rent increase from a monthly amount of \$15,566.54 to \$16,344.87 during the term of the Second Amendment to the Lease Agreement and other related expenses as set forth herein.

The Chief Housing Officer, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE GOAL**

The proposed second amendment to the lease agreement extending the lease term for the Housing Choice Voucher (HCV) West Regional Office supports Plan Forward by continuing and expanding services to more residents, targeted to their needs. This HCV West Regional Office provides participants and landlords full access to services such as, but not limited to, community forums, landlord workshops, tenant briefings, family self-sufficiency workshops, family obligations training, and inspection requests.

**FUNDING**

General Fund, FY2014 & FY2015, Funding Code: 8000393520-4190-30

**LEASE AGREEMENT SUMMARY**

**Vendor:** A Safe Haven Foundation  
2750 West Roosevelt Road  
Chicago, Illinois, 60608

<b>Contract Type:</b> Lease Agreement	<b>Base Lease Agreement Period:</b> 3 years
<b>Base Lease Term:</b> 3/1/10 to 2/28/13	<b>Base Lease Agreement Amount:</b> \$512,991.00
<b>Option Period:</b> 2 one-year options	
<b>1<sup>st</sup> Option Term:</b> 3/1/13 to 2/28/14	<b>1<sup>st</sup> Option Period and Fee Amount:</b> \$181,758.00
<b>2<sup>nd</sup> Option Term:</b> 3/1/14 to 2/28/15	<b>2<sup>nd</sup> Option Period and Fee Amount:</b> \$187,399.00

**Month-to-month: 3/1/15 to 4/30/15 Month-to-month & Shortage Amount: Approximately \$38,412.00**

**2<sup>nd</sup> Amendment: 5/1/15 to 2/28/16 2<sup>nd</sup> Amendment Amount and Fees: Approximately \$164,549.00**

**Aggregate Lease Agreement Amount: \$1,085,109.00**

#### **GENERAL BACKGROUND /EXPLANATION**

CHA entered into an initial Lease Agreement dated February 5, 2010 with Chicago Christian Industrial League for approximately 7,544 square feet of space in an office building located at 2750 W. Roosevelt Rd. for the HCV West Regional Office. The Lease commenced on March 1, 2010 for an initial term of three (3) years, with an option to extend for two (2) additional one-year periods. On July 23, 2010, CHA received a Letter stating that as of March 24, 2010, A Safe Haven Foundation assumed ownership of the building located at 2750 W. Roosevelt Rd. On November 20, 2012, the CHA Board of Commissioners reviewed and approved a request to amend the Lease Agreement with A Safe Haven Foundation to exercise the first one (1) year extension option. On December 17, 2013, the CHA Board of Commissioners reviewed and approved a request to exercise the second and last lease extension option.

As the end of the second option year approached, CHA sought a new location for the HCV West Regional Office. By the time the lease expired at the end of February 2015 CHA had not located a suitable space that met all its requirements. Subsequent to the lease expiring, CHA approached A Safe Haven Foundation requesting an additional lease extension, since CHA had not located a new office space location and knew that it would not be able to vacate the space at the expiration of the lease. A Safe Haven Foundation indicated that they were not interested in extending the lease, as they had other plans for the office space. A Safe Haven Foundation understood that CHA might need more time to locate a new location and permitted CHA to become a "holdover" tenant commencing March 2015, per the terms of the existing lease.

For the month of March 2015, per the terms of the lease, CHA was required to pay 115% of the monthly base rent for the second option year (115% of \$15,566.54, or \$17,901.52). For the month of April 2015, per the terms of the lease, CHA was required to pay 125% of the monthly base rent for the second option year (125% of \$15,566.54, or \$19,458.18). There was also an additional payment made of \$1,051.53 for fees assessed for additional services, per the lease, for a total amount paid to A Safe Haven Foundation of approximately \$38,412.00 during the "holdover period".

In early May, A Safe Haven Foundation reached out to CHA and indicated that they were interested in amending the lease with CHA to cover the time period from May 2015 through February 2016. A Safe Haven Foundation proposes increasing the base monthly rent by 5% over the base rent from the second option year (\$16,344.87), which is a decrease from the "holdover" rent that was paid in both March and April. CHA has not paid any rent since the "holdover period", so an additional \$500.00 is being budgeted to cover any late fees in the event A Safe Haven Foundation charges such fee to CHA, and another \$600.00 is also being budgeted now to cover any fees for additional services, all per the terms of the current Lease Agreement.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies.

The Chief Housing Officer concurs with the recommendation to execute a second amendment to the lease with A Safe Haven Foundation for the HCV West Regional Office space located at 2750 W. Roosevelt Rd., extending the lease term from May 2015 through February 2016, approving a 5% increase in the base rent to a monthly amount of \$16,344.87 and other budgeted expenses of \$1,100.00.

The CEO/President recommends the approval of CHA executing a second amendment to the Lease Agreement with A Safe Haven Foundation for purposes of extending the lease term from May 2015 through February 2016. The Total Gross Base Rent amount would be in an amount not-to-exceed \$163,449.00 plus \$1,100.00 for any fees assessed for additional services or other related expenses, as provided for in the Lease Agreement, for a total Second Amendment to Lease amount of not-to-exceed \$164,549.00.

**RESOLUTION NO. 2015-CHA-49**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter June 10, 2015 entitled "REQUEST FOR AUTHORIZATION TO EXECUTE A SECOND AMENDMENT TO OFFICE SPACE LEASE BETWEEN A SAFE HAVEN FOUNDATION AND CHICAGO HOUSING AUTHORITY EXTENDING THE TERM OF THE LEASE AGREEMENT AND APPROVE A RENT INCREASE AND OTHER RELATED EXPENSES";

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** the Board of Commissioners authorizes the Chief Executive Officer or his designees to execute a Second Amendment to the Lease Agreement by and between A Safe Haven Foundation and Chicago Housing Authority extending the term of the lease from May 2015 through February 2016 and approve a 5% increase in the monthly base rent to \$16,344.87. The Total Gross Base Rent amount for this extension period is in an amount not-to-exceed \$163,449.00 and \$1,100.00 for any fees assessed for additional services or other related expenses as provided for in the Lease, for a total amount not-to-exceed \$164,549.00.

