



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Report: Status of the Preservation and Reuse of City Owned Property Located at the Former Rockhaven Sanitarium—2713 Honolulu Avenue - and Direction on Preferred Next Steps

1. Motion directing staff on preferred next steps regarding the preservation and reuse of the former Rockhaven Sanitarium located at 2713 Honolulu Avenue.
2. Motion directing staff to finalize a grant agreement with the California Natural Resources Agency in furtherance of acceptance of the state grant

### COUNCIL ACTION

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**Item Type:** Action Item

**Approved for** October 26, 2021 **calendar**

### EXECUTIVE SUMMARY

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The almost 3.5 -acre Rockhaven Site (“Site”) was acquired by the City in April 2008. There have been three attempts to partner with a private entity to develop the Site in a manner that would preserve its’ buildings and park-like setting. The last formal effort ended in early 2020 although staff has subsequently received several unsolicited proposals to reuse the Site. These inquiries were prior to the COVID-19 pandemic and continued interest has not been confirmed.

Rockhaven remains an important asset to the community. However, the longer the Site sits vacant, the costlier it will be to preserve. In July 2021, staff completed a cost assessment to secure the buildings and reverse ongoing deterioration. The analysis concluded the cost to range from \$1.6M or \$3.2M based on the scope of rehabilitation and subsequent usage.

On June 29, 2021, State Senator Anthony Portantino announced the securement of \$8.0M for Rockhaven to “renovate and preserve the historic Rockhaven property for the public to enjoy and appreciate as a museum.” The grant has the potential of kick-starting the City’s efforts to preserve Rockhaven and consider alternatives that may have been previously infeasible. These alternatives include:

1. **Develop the Site as a Park and Community Asset including Public Facilities and a Museum Component;**
2. **Develop the Site as a Park with Commercial Opportunities, and Find Tenants for Buildings;**
3. **Entertain Non-Exclusive Discussions with Interested Parties; or**
4. **Seek New Development Proposals.**

## **COUNCIL PRIORITIES**

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Based on the direction of the City Council, the project has the potential to touch one or more of the following Council Guiding Priorities:

- **Economic Vibrancy** – The project could become a complimentary amenity to the nearby Montrose Shopping Park attracting more visitors to the area. The potential for economic impact is heightened if a commercial component is included.
- **Safe & Healthy Community** – Providing recreational space contributes to the well-being and health of our citizenry.
- **Balanced Quality Housing** – Prior efforts included a residential [affordable] component. Should the Council wish to include some level of housing to support the other, more civic components, this Priority would be implemented.
- **Community Services & Facilities** – Most, if not all, of the possibilities for the site would include public facilities and some level of service to our residents (i.e. library, community center/rooms).
- **Arts & Culture** – Any level of preservation of the historic site is consistent with this goal. In order to utilize the state grant, a museum component would be included in reuse of the site further supporting the priority. Similarly, if a library is incorporated into the project, it would also contribute to this priority.
- **Sustainability** – The preservation of the historic site and development of a park would support this priority.

## **RECOMMENDATION**

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Staff is seeking direction from the City Council regarding alternatives for the preservation and redevelopment of Rockhaven and finalization of a grant from the California Natural Resources Agency.

## **BACKGROUND**

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The City acquired the Rockhaven Site (“Site”) in April 2008. The Site had been offered for sale on the open market by Ararat Home of Los Angeles, Incorporated. Rockhaven Sanitarium consists of approximately 3.4 acres and has 15 buildings occupying approximately 22,000 square feet. The site was acquired for \$8.25M. The former women’s sanitarium has since been listed on the National Registry of Historic Places. In the past six years, there have been three separate attempts to develop the property. The objective of each attempt was to partner with a private entity to develop the site in such a manner that

would preserve the buildings and park-like setting, yielding some control in exchange for continued public access to the site.

- 2014 – Request for Qualifications Seeking a Housing Developer.
  - Ten submittals were received (one institutional use and nine housing proposals)
  - An advisory committee was unable to come to a consensus and discontinued the RFQ process.
  
- 2016 – 2<sup>nd</sup> Request for Proposals Focused on Three Development Options: Medical/Mental Health Facility; Boutique Lifestyle Commercial Center; and Park/Other Development.
  - Exclusive Negotiating Agreement (ENA) Executed with Gangi Development (2018) for a boutique retail center
  - City terminates Gangi ENA due to inability to agree upon key deal points (2019)
  
- 2019 – City executes new ENA with Avalon Investment for a 30-room boutique hotel.
  - Avalon Investment completes due diligence and elects to terminate ENA due to financial infeasibility of their proposal (2020)

Since the termination of the Avalon ENA, staff has received unsolicited inquiries from potential developers and users as the Rockhaven site continues to solicit private sector interest. Staff has only had cursory discussions with the interested parties, and given the bulk of the private interest was expressed prior to the COVID Safer at Home order, staff has not been able to ascertain the continued interest of these parties or their financial capacity to move forward. The range of potential uses of the Site identified by interested parties included a garden center (vacant area only); a boutique retail center; affordable housing geared toward low & moderate 1<sup>st</sup> time homeowners; affordable housing for veterans; housing for homeless veterans; senior housing; retail uses; and medical uses.

In its present state, Rockhaven remains an important asset to the City and the community. However, the longer the Site sits uninhabited and without proper maintenance, the more damage is caused to the property and the costlier it will be to preserve. Annual maintenance costs are approximately \$50,000. In July 2021, staff completed an assessment of the Site's historic buildings to determine the cost to reverse ongoing deterioration endemic to vacant and unused property. The assessment included two scenarios:

- **Stabilize and Mothball:** Enhanced safeguards to protect and preserve the Site’s buildings (focused mainly on weather protections and security) to allow time for planning the Site’s future reuse. The assessment estimated the cost to stabilize and mothball the Site’s significant buildings (exhibiting high historic/architectural integrity) to be \$1.6M.
- **Limited Public Use:** This includes the steps included in stabilization and mothballing, plus additional scope to address minimum Building and Fire Code compliance and improvements for limited public use of the buildings. This would include basic electrical and plumbing services, asbestos/lead paint abatement, emergency lighting and signage, basic ventilation, and limited ADA compliance. The assessment estimated the cost to renovate the buildings for limited public use to be \$3.2M. The scenario does not include the cost associated with converting any buildings to a specific purpose and providing additional life and safety improvements for a new use.

The assessment indicated the Site’s buildings have essentially been in ad-hoc mothballing for the past 15 years with the roofs covered with tarps and buildings closed up and lightly monitored. However, more permanent safeguards have not been in place such as water-tight roofs, working rain gutters and site drainage, secure windows and doors, and utility capping that are associated with stabilized buildings. In a separate action, staff will be requesting authorization to proceed with roof replacements and gutter repair for the 10 buildings deemed to have “high” historic/architectural that will significantly aid in weatherproofing the buildings.

As noted, the “Limited Public Use Assessment” addresses minimum life and safety improvements to allow limited public use of the Site in their present use. Thus, the \$3.196M estimate represents the floor of any attempt to renovate the buildings. Changing the use of the buildings to one of the many plausible future scenarios (such as a library, community rooms, museum, or commercial space) would in all likelihood trigger a number of additional improvements to address the change in occupancy and meet current Building and Fire Code and ADA standards. These include items such as further utility improvements, modern heating and air conditioning units, additional life/safety enhancements (fire sprinkler and alarm; second exits), additional restrooms and extensive ADA upgrades. In short, the actual cost to renovate and reuse the Site for a specific project will be tied to that project as the Code requirements vary depending on the proposed type of use and occupancy.

### **State Grant for the Preservation of Rockhaven**

On June 29, 2021, State Senator Anthony Portantino announced that his office had secured \$8.0M for the preservation of Rockhaven to “renovate and preserve the historic Rockhaven property for the public to enjoy and appreciate as a museum.” The Senator’s office has indicated there will be flexibility in the use of the funds and that the full \$8.0M is not intended solely for a museum but rather to preserve the entire Site with a museum component incorporated into a larger use. The museum is intended to honor the historical significance of the site and would be dedicated to the legacy of Rockhaven’s founder Agnes Richards. The grant will be administered and distributed by the California Natural Resource Agency (“CNRA”). Staff is working with the CNRA to confirm the grant can be used for everything from securing the buildings in the interim to rehabilitating the buildings for future use (including a museum component) as well as site improvements supporting the use.

The grant cannot be distributed until a Project Information Package (“PIP”) is submitted to the CNRA and there is a fully executed agreement between the City and CNRA. Expenditures made prior to the effective date of the appropriation are not eligible for reimbursement and the funds must be encumbered by March 1, 2022 and expended by March 1, 2024. The grant is reimbursement-based, though upon request advances are allowed to assist with cash flow. The grant requires the City Council to certify by resolution approval of the PIP as a prerequisite to its submission; therefor, staff will return to the City Council at a future date with the appropriate resolution approving the package and accepting the grant.

## **ANALYSIS**

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### **Potential Rockhaven Reuse Options**

The State grant has the potential of kick-starting the City’s efforts to preserve Rockhaven and consider alternatives that may have previously not been fiscally feasible. Some of the options the City Council may want to consider are summarized below. Each option should include a museum component in order to maximize use of the state grant.

- 1) **Develop the Site as a Park and Community Asset including Public Facilities and a Museum Component.** The City could renovate Rockhaven as a park and community asset featuring other public facilities that could include a library, community center/rooms and a museum. If a library were located on the site, it could free up the area adjacent to Fire Station 29 allowing for renovation/upgrade and expansion of that facility as part of an overall improvement plan. The renovation and operating costs of a park

would create a new ongoing financial obligation to the City and should be accounted for in future budgets.

- 2) **Develop the Site as a Park with Commercial Opportunities, and Find Tenants for Buildings.** Similar approach to Option 1 with buildings being made available for private use with the City serving as the landlord in an effort to generate some revenue to offset the development and operating costs. In this scenario, staff would recommend hiring a property manager to oversee the commercial aspects of the project on the City's behalf. A portion of the Site would be set aside for a museum and incorporated into the overall tenancing and programing of the site.
- 3) **Entertain Non-Exclusive Discussions with Interested Parties.** Since the expiration of the Avalon ENA in 2020, the City has continued to receive interest in the Site (Exhibit 1). The City could engage in negotiations with those interested parties the Council would like to learn more about, with the caveat that the interest and financial capacity of some development firms may have changed as a result of the COVID-19 pandemic, and the fact that a portion of the Site would be set aside for a museum.
- 4) **Seek New Development Proposals.** The City could seek more current proposals with a new Request for Proposals (RFP) or Request for Qualifications (RFQ). Either option could identify a specific development option directed by the City Council such as affordable housing; assisted living or medical uses; boutique lifestyle commercial or small office uses; low-impact, passive uses; or any combination of uses. All proposals would be subject to setting aside a portion of the Site for a museum component. If a museum component is not included, the City would likely have to forego use of the state grant. The Council may also wish to designate other public facilities and uses it wishes to see in any proposal as part of the overall concept.

## **STAKEHOLDERS/OUTREACH**

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Based on the City Council's direction regarding a preferred alternative and next steps, staff will engage in stakeholder and public outreach to ensure that community input is incorporated in the planning process for Rockhaven's reuse and preservation.

## **FISCAL IMPACT**

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There is no fiscal impact associated with this item at this time.

## **ENVIRONMENTAL REVIEW**

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This item is considered a ministerial activity and therefore, not subject to CEQA review.

## **CAMPAIGN DISCLOSURE**

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This item is exempt from campaign disclosure requirements.

## **ALTERNATIVES**

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The following alternatives are presented for Council consideration:

**Alternative 1:** Provide direction to staff on a preferred reuse scenario for the Rockhaven Site;

**Alternative 2:** The City Council may consider any other alternative not proposed by staff.

## **ADMINISTRATIVE ACTION**

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**Approved by:**

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## **EXHIBITS / ATTACHMENTS**

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Exhibit 1 – List of Unsolicited Rockhaven Inquiries