

PRESS RELEASE

COVID-19 INFORMATION



FOR IMMEDIATE RELEASE

April 20, 2020

Residential and Commercial projects experience COVID-19 Impacts

Projects in Menifee remain positive amid delays due from global pandemic

MENIFEE, CA- On March 11, 2020, the World Health Organization (“WHO”) declared COVID-19 to be a pandemic, with WHO declaring to be “deeply concerned by the alarming levels of spread and severity” of the outbreak. In response, the global financial markets have plummeted to levels not seen since the 1987 stock market crash. Central banks in the UK and US announced interest rate cuts, along with a string of other support measures to try and stabilize global and local economies. However, the impacts on global and local economies are only beginning to unfold, and we are entering a period of prolonged economic uncertainty as cities and communities with private-owned projects, both commercial and residential, are showing to not be immune to the effects of COVID-19. The disruption of the global market has put pressure on supply chains, available labor, and the overall financial markets have started reacting to the market uncertainty with the cancellation and freezing of approved loans to borrowers, and the freezing of existing lines of credit, thereby threatening projects in many communities across California and United States. The federal and state governments talk about developing local plans to re-open government, but the impacts of COVID-19 have already started to effect local jurisdictions.

Menifee, a young city of 11 years old, is seen as a boomtown and up-and coming city, with over 225 private residential and commercial development projects, that were in the pipeline by private investors, started as a way to keep up with the growing needs of the existing and incoming residents of Menifee. The city has been steadily working to push past commercial market trends, which is slower to respond to the demographic needs and demands, to quickly reduce sales leakage in the City (over \$800M in sales opportunities lost to neighboring cities), resulting in many residents looking forward to key projects within Menifee coming to fruition.

Key Projects Affected by COVID-19

Of the 225 private projects in the City, Fairfield Inn and Suites has experienced a delay in supplies and materials as well as, workforce needs, but has been able to continue to

PRESS RELEASE

COVID-19 INFORMATION



advance the project and is adjusting as new challenges arise. “We are pushing ahead, and crews have been working through these delays, and hope to wrap up the project soon,” said Hiral Patel, Sagemont Hotels President. “We are even more hopeful that the economy opens up soon, thereby allowing us to complete the project, and be able to open up to new visitors, events, and weddings.

The Krikorian Entertainment Complex, a project announced by the owner in 2014 in Menifee, began construction in December 2019 and was on track for completion before Christmas 2020, is like many commercial projects in the United States, and working through COVID-19 restrictions, and is “now likely to be delayed until Summer 2021,” said George Krikorian. “Due to a shutdown of movie theaters, restaurants and other social entertainment facilities, banks and lenders are reluctant to provide financial support worldwide- [even if already approved and has weighed the risks legally for them in the market]. Additionally, movie studios have already begun to reschedule this year’s film slate into 2021, making it even more economically difficult for these type of businesses [across United States].”

Krikorian referencing the scarcity of lenders and banks amid COVID-19 and the global market shutting down- which has negatively affected projects with approved construction lending from being cancelled, frozen, or delayed until the market returns, leaving many approved commercial projects left looking for additional lending for key projects.

“The one thing we do know, is that when we do open the doors to open after the pandemic is deemed cleared, there will be a tremendous pent up demand for entertainment as Menifee’s market already had a very strong demand,” stated George Krikorian, owner of the Krikorian Theater complex.

The Krikorian Entertainment Complex is a long sought after and key project that Menifee residents and surrounding communities have wanted, as the project includes a 14 screen theater, bowling alley, outdoor bar, sports bar, e-sports, laser tag, arcade, and scratch kitchen restaurant. Krikorian is working to get the project back on schedule quickly, and has adjusted the opening from Winter 2020, to Summer 2021 to account for the lender delays with COVID-19.

PRESS RELEASE

COVID-19 INFORMATION



“I just wanted to thank the Menifee community for being supportive, positive, and encouraging through the construction so far. I know many will be disappointed, but we are doing all we can in the unprecedented times, and we aren’t alone in this global market issue, as the pandemic has dissolved many sought after projects- but we are lucky enough to be able to weather this storm,” said Todd Cummings, President of Krikorian Theaters.

The residential market has also seen material delays, and workforce issues, but has been advancing projects in Menifee, and has still reported to City officials that residential builders are moving along, and have been slowly selling homes- but still selling homes nevertheless, despite the COVID-19 pandemic. “We are very fortunate to also be in Menifee selling forever homes to new residents, and growing families, as Menifee is a hot market regardless of the pandemic,” said Adrian Peters, Vice President for Planning and Development at Brookfield Properties. “We are grateful to the City staff in Menifee for keeping development moving, and for connecting with us regularly to ensure we have the tools we need to keep things moving.”

Menifee converted its City Hall to a virtual City Hall, having to close the doors to the public due to County Public Health officer Orders, and developed a virtual City Hall enhancing services in the City and changed the one-stop shop to a zero-stop shop permitting center, once City Council declared a State of Emergency on March 18, 2020. The Menifee development team has moved to a virtual process to conduct inspections, permits, and submittals for projects, and has held regular stake-holder workshops to communicate processes and procedures and answer questions to ensure development continues to move forward- thereby streamlining development for commercial and residential projects that has not been the case in other communities across the state of California highlighted by the Building Industry Association (BIA).

“We are very fortunate to have such a great team here in Menifee for development needs,” said Menifee Property Owner and Developer Teofilo Hamui. “Menifee’s team always make themselves accessible, and available, and my other projects in other cities aren’t as well organized and accommodating to keep projects moving through COVID-19- so thank you to the Menifee City Council and City Manager Villa for understanding the priorities of stakeholders.”

PRESS RELEASE

COVID-19 INFORMATION



The City of Menifee has adapted in this time of uncertainty and continues to be flexible and innovative with constant updates in policy and regulations from the Federal, State and County administrations. “I am proud of Menifee’s team who is always looking for innovative ideas and ways to assist our residents, businesses, development stakeholders, especially during COVID-19,” said Armando Villa, City Manager. “While City Hall is closed to the public due to reductions with social distancing, our team is still working behind the doors, processing projects, inspections, and providing public safety to our community.”

While policy and procedures continue to be fluid during this time, the City encourages residents to connect with the City to keep up to date on new information by following the City of Menifee on social media, and visit the City’s website to access current information and helpful resources. For more information or questions, please call 2-1-1 to reach the County’s information line, or the City of Menifee’s service line (951) 672-9673 or email econdev@cityofmenifee.us.

###

ABOUT MENIFEE: *Situated in the heart of southern Riverside County along Interstate 215, Menifee is a vibrant, new city of more than 95,000 residents who enjoy a pleasant year-round climate, abundant recreational offerings, reasonably priced housing and convenient proximity to some of Southern California’s premiere attractions and employment centers. Within its 50 square miles, Menifee’s business, retail and entertainment outlets are starting to shape the community’s character and this growing economic base is also contributing favorably to the city’s strong financial position. Menifee’s growing family-oriented population values the city’s ongoing commitment to public safety, community events and smart growth for the future. All of these elements are working together to support the city’s strategic vision to make Menifee one of the state’s most promising new cities.*