



M E M O R A N D U M
PUBLIC WORKS AND FACILITIES
PROPERTY MANAGEMENT DIVISION
County of Placer

TO: Board of Supervisors DATE: November 8, 2016
FROM: Ken Grehm, Director of Public Works and Facilities
By: Laurie Morse, Property Manager
SUBJECT: Property Management / 319 Main Street, Roseville Property Acquisition / Kalinka, LLC

ACTION REQUESTED

Adopt a Resolution authorizing the Director of Public Works and Facilities, or designee, to execute the Agreement for Purchase and Sale of a 20-unit Residential Multi-family Apartment Complex, located at 319 Main Street in Roseville from Kalinka, LLC for \$2,000,000, based on Material Terms; and to take all actions necessary to execute the Agreement, assign rights to purchase the property to the County's selected housing operator subject to a 35-year deed restriction requiring this property to be used to house low-income, special-needs individuals.

Approve a Budget Revision of \$2,100,000 in total acquisition costs to the 319 Main Street Acquisition Capital Project No. 4506 from the Mental Health Services Act Trust Fund.

BACKGROUND

The Board of Supervisors approved the FY 2016-17 Placer County Mental Health Services Act Plan Annual Update and Expenditure Plan on October 11, 2016. This update was for the third year of a 3-year plan that included expenditures for services, training, infrastructure and housing. Housing for persons with severe mental illness has been a priority since the County initially received these funds in 2005. Since that time two housing projects have been completed. The first project is Timberline, which is a shared permanent housing project serving five single adults. It is operated collaboratively with Advocates for Mentally Ill Housing (AMIH), Turning Point Community Programs (TPCP), and Health and Human Services (HHS) Adult System of Care (ASOC). The other project is Placer Street, which is managed by AMIH and provides shared housing for 12 single adults. AMIH is also the property owner, and supportive services are provided by ASOC and TPCP. Both projects require residents have a serious mental illness, are homeless or at risk of homelessness, and need intensive outpatient treatment and support.

Housing for persons with serious mental illness continues to be a priority for the County. Up to \$3 million was identified in the last 3-year plan to purchase or develop additional housing resources. It was determined properties would be considered on a case-by-case basis as they became available, and it was estimated this funding would be sufficient for one housing project. During the recent annual update, staff disclosed that acquisition of a property was under consideration. HHS recently worked with Procurement Services to release a Request for Proposals seeking qualified Permanent Supportive Housing providers/operators or collaborations, who could own and operate a residential building with up to 18 units of studio housing for individuals with serious mental illness. This process identified AMIH as the successful proposer, and ASOC will return to your Board with a negotiated agreement at a subsequent meeting.

In October 2015, HHS asked Property Management for assistance with potential acquisition of the 2-story apartment building located at 319 Main Street in Roseville, CA, APN 012-114-013, as depicted in the attached map. The Main Street Property is owned by Kalinka, LLC, (Owner) and is improved with a 70-year old, approximately 7,190 square foot building, located on a 0.17 acre parcel. It is ideal for adults with serious mental illness, as the 20 studio units each have a full bathroom and kitchenette to allow independent living rather than a shared-housing option. The building has on-site laundry facilities and limited parking; however, HHS indicates parking is not a concern as many residents do not drive and the property is in walking distance of shopping, food services, and public transportation. This location is also within three miles of adult mental care services provided at the ASOC Cirby Hills facility. Most importantly, these units can be affordable to the very low-income households served by ASOC and other community providers, and suits the needs of many of ASOC's mental health clients.

Staff successfully negotiated terms of an Agreement for Purchase and Sale (Agreement), and have entered into a Non-binding Letter of Intent with the Owner, as outlined in the Material Terms of the attached Resolution. Key terms of the Agreement will include:

1. Purchase Price: \$2,000,000.
2. Refundable Deposits: County will remit an initial \$25,000 deposit, and an additional \$55,000 deposit after completion of the 180-day Contingency Investigation Period. The initial deposit is refundable if the County does not accept contingencies. The deposits are applied to the Purchase Price.
3. Contingency Investigation Period: County, or selected operator who assumes the Agreement, has 180-days to review/approve the title, environmental and physical condition of the property, verify the Owner has performed and completed key building condition/renovations and fire/life safety improvements, and selected and assigned the Agreement to a new housing operator.
4. 30-day Escrow Period: During this period, the Owner will complete improvements including the construction of an Americans with Disabilities Act compliant ramp and lobby modifications.
5. Assignment of Agreement: The selected housing operator can assume the Agreement. The operator would receive the Main Street Property subject to a 35-year deed restriction requiring this property to be used to house low-income, special-needs individuals.

Acquisition of the Main Street Property would benefit the County in its effort to expand its supportive housing program, move beyond the mental health clinic setting and enhance this population with their recovery efforts and opportunities for independent living. To proceed with this acquisition, your Board's approval of the requested action is necessary.

ENVIRONMENTAL IMPACT

This proposed acquisition is Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This Section provides for activities, where there is no expansion of use beyond that previously existing. Additionally, the action to approve the proposed acquisition is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) because it can be determined with certainty there is no possibility the approval of these agreements and documents will result in a direct or a reasonably foreseeable indirect significant impact on the environment.

FISCAL IMPACT

Total acquisition costs for this project are estimated at \$2,100,000 million, which includes the purchase price of \$2,000,000 million for fee title, escrow costs, environmental assessment

report, and County legal and staff costs. To fund this acquisition, staff recommends a Budget Revision of \$2,100,000 to the 319 Main Street Acquisition Capital Project No. 4506 from the Mental Health Services Act Trust Fund.

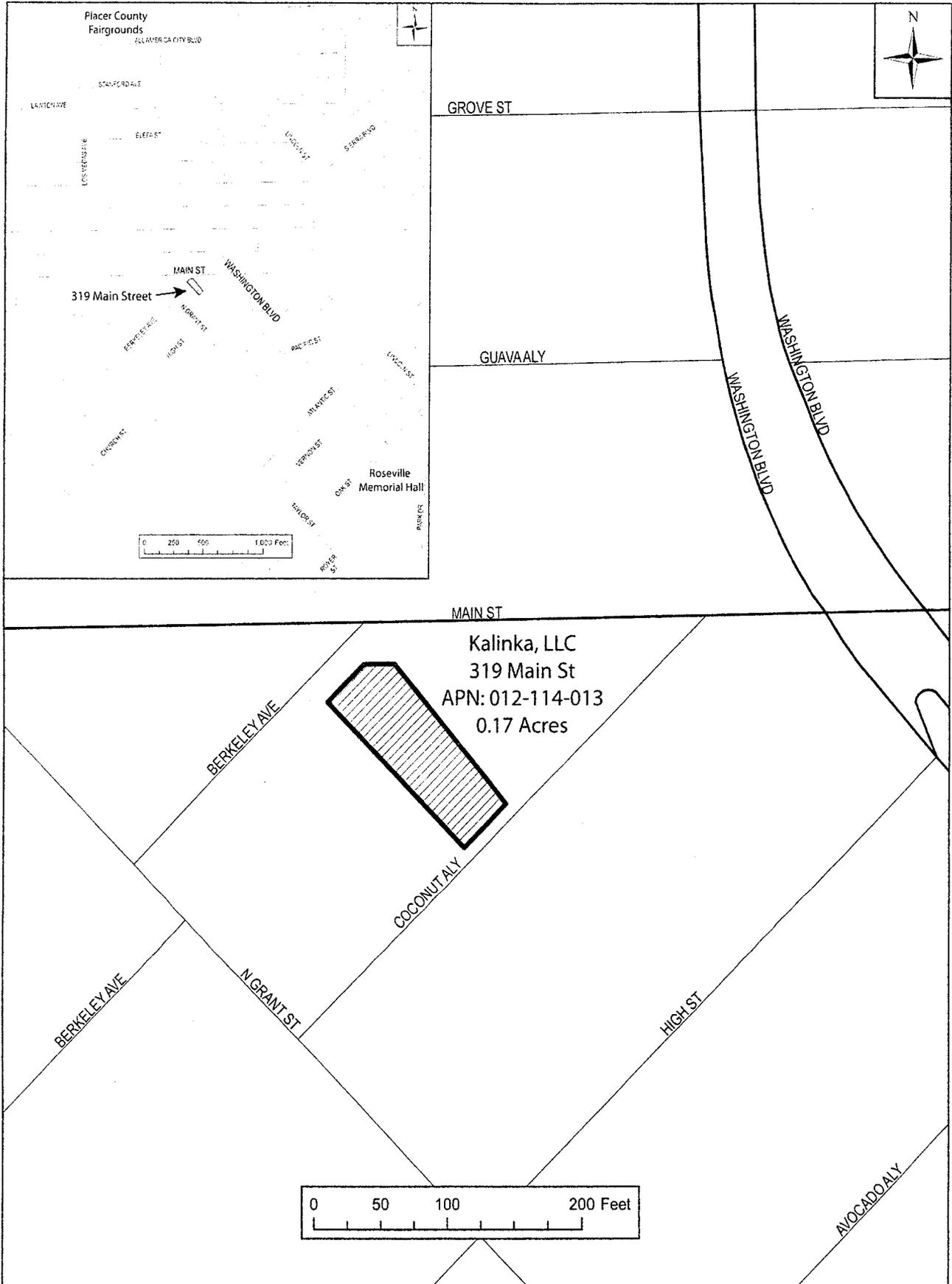
ATTACHMENTS

Main Street Property Map

Budget Revision

Resolution

Main Street Property Map



Before the Board of Supervisors County of Placer, State of California

In the matter of: A Resolution authorizing the Director of Public Works and Facilities, or designee, to execute an Agreement for Purchase and Sale for an approximately 0.17-acre parcel improved with a 7,190 square foot, 20-unit Residential Multi-family Apartment Complex.

Resolution. No: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, 2016, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, Board of Supervisors

Attest:

Clerk of said Board

WHEREAS, Kalinka LLC, a California Limited Liability Company (Owner), currently owns a 0.17-acre parcel improved with a 7,190 square foot, 20-unit Residential Multi-family Apartment Complex, described as APN 012-114-013, located at 319 Main Street in Roseville, CA, hereinafter referred to as "Purchase Property"; and

WHEREAS, Owner desires to sell the Purchase Property to the County for a purchase price of \$2,000,000, pursuant to the attached Material Terms; and

WHEREAS, the acquisition of the Purchase Property provides benefits the County in its effort to expand its supportive housing program and move beyond the mental health clinic setting and enhance this population with their recovery efforts and their opportunities for independent living; and

WHEREAS, the County and Owner have negotiated an Agreement for Purchase and Sale (Agreement); and

WHEREAS, the Agreement provides for the assignment of the rights under the Agreement to the County's selected housing operator who would own the Purchase Property subject to a 35-year deed restriction requiring the Property to be used to house low-income, special needs individuals; and

BE IT RESOLVED, by the Board of Supervisors, County of Placer, State of California, the Director of Public Works and Facilities, or designee, is authorized to execute the Agreement based on the attached Material Terms, and take all other actions necessary to complete the acquisition including assignment of the Agreement to the County's contracted housing provider.

Exhibit A – Material Terms

KALINKA, LLC PROPERTY
Agreement for Purchase and Sale

1. Property: Certain real property located at 319 Main Street in Roseville, California, consisting of a 0.17-acre parcel improved with a 7,190 square foot, 20-unit Residential Multi-family Apartment Complex, described as APN 012-114-013, hereinafter referred to as the "Purchase Property".
2. Parties: The County of Placer, a political subdivision of the State of California (County) and Kalinka, LLC, a California Limited Liability Company the fee simple owner (Owner).
3. Escrow Opening: The purchase and sale of the Purchase Property will be consummated by means of an escrow to be opened within five working days following the Effective Date of the Agreement. Escrow holder is Placer Title Company (Escrow Holder) order No.P-164644. Office located at 193 Fulweiler Ave., Auburn, CA 95603. Escrow officer is Debbie Yue, phone: 530-885-7722, fax: 530-885-1592.
4. Purpose of Agreement: The purpose of the Agreement of Purchase and Sale (Agreement) is to provide for the purchase and sale of the Purchase Property as conveyed through a Grant Deed.
5. Purchase Price: \$2,000,000.
6. Deposits: Upon acceptance and execution of Purchase and Sale Agreement, County shall deposit with Escrow Holder \$25,000. Following the inspection period and County's acceptance of contingencies, County shall deposit and additional \$55,000 with Escrow Holder. All deposits shall be returned to County if Close of Escrow doesn't occur due to Owner's default.
7. Contingency Period: County shall have 180 days to conduct contingency investigations. Investigations shall include the following: (1) County's written acceptance of the condition of title and approval of physical condition and building matters affecting the Purchase Property, its condition and capacity, including, but not limited to, the building's structure and systems, and environmental condition; (2) Owner's completion of all remaining Studio renovations; and renovations shall be of equal to or better finishes than Studio unit No. 5; (3) County's approval of the Purchase Property's conformance with accessibility for persons with disabilities per the Americans with Disabilities Act (ADA) of 2010 and the 2013 California Building Code; (4) County's approval of conformance to NFPA 5000 "Life Safety for Apartment Buildings"; (5) County's approval of all documents provided by Owner; (6) County's selection of Mental Health Service Act Operator ("MHSA Operator") who would assume this Agreement prior to Close of Escrow; (7) MHSA Operator's inspection and acceptance of the physical, environmental and title condition of the Purchase Property; and (8) project feasibility for purposes of accommodating MHSA-eligible residents.
8. Close of Escrow: Close of Escrow shall be conditioned on all of the following: (1) Owner shall deliver possession of the Purchase Property free and clear of possession, including all tenants and occupants; (2) Purchase Property being conveyed is free of all liens, restrictions, encumbrances and impositions; (3) Owner's completion of ADA site and building improvements. Close of Escrow shall occur no later than thirty (30) days following the County's written acceptance of all contingencies, and unless otherwise extended by mutual consent of the Parties.
9. Closing Costs: County shall pay any recording fees. Owner shall pay any transfer taxes and all costs allocated to Owner. Escrow and title fees shall be divided equally between County and Owner. County and Owner shall each pay its own legal and professional fees and fees of other consultants incurred with regard to this transaction.
10. Assignment of Agreement: Title is to be conveyed to the County's contracted housing operator by grant deed, subject to a 35-year deed restriction, requiring the Purchase Property to be used to house low-income, special-needs individuals, prior to close of escrow, subject only to current real estate taxes and the exceptions to title approved by County.
11. Representations and Warranties: Owner shall provide warranties and representations regarding the Purchase Property as defined in the Agreement.