



**MEMORANDUM
PUBLIC WORKS AND FACILITIES
REAL ESTATE SERVICES DIVISION
County of Placer**

TO: Board of Supervisors DATE: August 28, 2018
FROM: Ken Grehm, Director of Public Works and Facilities
By: Laurie Morse, Property Manager
SUBJECT: Real Estate Services / R.T. Nahas Company Agreement of Purchase and Sale /
3205 and 3225 North Lake Blvd, Tahoe City CA

ACTION REQUESTED

Approve the Agreement of Purchase and Sale for the acquisition of the R.T. Nahas Company Property (APNs 093-160-079, -080, -081) totaling 11.4± acres located at 3205 and 3225 North Lake Blvd, Tahoe City in the Dollar Hill area from R.T. Nahas Company for \$3,600,000.

Adopt a Resolution authorizing the Director of Public Works and Facilities, or designee, to take all necessary actions to complete the acquisition and to add this Property to the County's comprehensive capital assets listing.

Approve a Budget Revision shifting \$200,000 in appropriations from the Lake Tahoe Tourism and Promotion Fund 145 (\$173,364) and from the Capital Project No. 704949 Countywide Planning (\$26,636) to a new Capital Project No. PJ00778-Nahas Property Acquisition.

BACKGROUND

On July 24, 2018, your Board authorized the Director of Public Works and Facilities to negotiate an Agreement of Purchase and Sale with R.T. Nahas Company ("Owner") for the acquisition of three vacant parcels (APNs 093-160-079, -080, -081) totaling 11.4± acres located at 3205 and 3225 North Lake Blvd, Tahoe City in the Dollar Hill area (see Property Map – the "Property"). Your Board also directed the Director of Public Works and Facilities, or designee, to return to your Board with a negotiated Agreement of Purchase and Sale in substantial conformance to the attached Material Terms and subject to County Counsel concurrence.

This Property presents an excellent opportunity to pursue a potential workforce/achievable and affordable housing development in response to the lack of such housing in the North Tahoe Area. This situation has a negative impact on the region's tourist economy, and the ability for local businesses and governments that serve the community to attract and retain employees. This Property is considered attractive for such housing development due to the Property's:

- High development potential with Tahoe Regional Planning Agency (TRPA) class 6 soil, considered the highest land classification
- Current MU-DH zoning designation which allows for multiple commercial uses and multi-family, single family residential and many retail uses with a minor use permit
- Vacant/level site; former service station and retail building have since been demolished
- Significant banked development TRPA and Tahoe Truckee Sanitation Agency rights
- Competitive for workforce/affordable housing development Tax credits:
 - Near Schools (grades 4-12)
 - Proximity to Town Center (two miles to downtown Tahoe City / six miles to Kings Beach) and seven miles to Squaw Valley

- Proximity to grocery stores, pharmacy, parks, trails and transit
- Retail component could include required fresh produce and meat, which is required to compete for many state and federal grants
- A TRPA-designated “Preferred Affordable Housing Area,” and as such may be eligible for up to 25 percent bonus units above the 15 units per acre base allowable density.
- Previously permitted in 2003 for an approved 128 unit mixed use senior affordable, single family residential and retail. This project included 78 affordable apartment units, 50 market rate units in 25 duplex units and 4,800 square feet of commercial. However, the permit expired in 2009.

The Department of Public Works and Facilities (DPWF) Real Estate Services Division has finalized an Agreement of Purchase and Sale (Agreement) with the Owner. Consistent with the Material Terms, the parties have agreed to the following terms:

- Purchase Price: \$3,600,000
- Initial Investigation Period - Property Contingencies: The County will have 120 days to evaluate the project feasibility, appropriate funding, approve the Property’s environmental title, and physical condition and zoning matters, and select a housing developer for a potential workforce/affordable housing development at the Property. The County must remit a \$50,000 refundable deposit into Escrow within five days of mutual execution of the Agreement (First Deposit). Should the County not accept these contingencies then this First Deposit will be returned to the County.
- Investigation Period Extension – Project Approval Contingency: The Initial Investigation period can be extended for up to three additional three-month periods (Investigation Period Extensions) to provide the County time to process and obtain final, non-appealable approvals, including an adopted California Environmental Quality Act (CEQA) environmental document and other environmental review document as required by the Tahoe Regional Planning Agency (TRPA) or other funding partners to allow a potential workforce/affordable/achievable housing project (Project Approval Contingency). Each three-month extension period must be exercised by the County and an additional non-refundable \$20,000 deposit must be remitted into Escrow for each Investigation Period Extension (up to \$60,000 if all extensions are exercised). Should the County not approve this Project Approval Contingency, then all deposits paid to date (up to \$110,000) shall be remitted to the Owner
- Close of Escrow: Unless otherwise extended by the parties, Close of Escrow shall occur 30 days after the County clears the Proposed Project Contingency. The County shall pay 100% of the Title Policy and 50% of escrow costs and fees.

NEXT STEPS:

Upon your Board’s approval of the Material Terms on July 24, 2018, DPWF Real Estate Services Division working with Procurement has released a Request for Proposals (RFP) to affordable/workforce/achievable housing developers. The due date for the proposals is anticipated to be September 28, 2018.

In the past month, CEO staff has conducted significant community outreach about the planned purchase, including a community meeting on August 1st and a North Tahoe Regional Advisory

Council meeting on August 9th. At each meeting, CEO staff provided a presentation to describe the housing need, planned development process and accept feedback. The CEO Tahoe office continues to work with community organizations and stakeholders, including neighborhood associations, North Lake Tahoe Chamber of Commerce, Tahoe City Downtown Association and the Mountain Housing Council to better understand project goals and housing needs.

The housing RFP will be reviewed by a team of staff and community representatives who will evaluate the proposer's qualifications, experience, and their proposed development concept. Once a project concept is complete, the environmental review process will be initiated. It is expected that this process will commence in mid-September.

In conclusion, this acquisition provides an opportunity to support development of much needed workforce/affordable housing in the North Tahoe Area. To proceed with this proposed acquisition, your Board's approval of the Agreement and adoption of the Resolution is necessary to authorize the Director of Public Works and Facilities, or designee, to take all actions necessary to complete the acquisition. A copy of the Agreement on file with the Clerk of the Board.

ENVIRONMENTAL IMPACT

Your Board's approval of the Agreement is exempt from the California Environmental Quality Act (CEQA) review on the following multiple independent bases:

- This proposed acquisition is Categorically Exempt from review pursuant to Section 15301 of the CEQA. This section provides for activities, where there is no expansion of use beyond that previously existing; and,
- Your Board's action to approve the proposed acquisition is exempt from review under the 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; and,
- The Board's approval of the Agreement of Purchase and Sale does not constitute approval of a project under CEQA Guidelines Section 15352(a) because it does not commit the County to a definite course of action in regard to a project. The County will have the right to terminate the Agreement based on contingencies such as the failure to secure project entitlements.

FISCAL IMPACT

The total acquisition cost for the Property is an estimated \$3,800,000, including the Purchase Price (\$3,600,000), title, escrow, professional consultants, staff and legal costs. A contingency for this purchase includes the County's appropriation of purchase funds including the receipt of funding from other local funding partners. At this time, funding for this acquisition has not been appropriated; however, staff has identified \$2,800,000 from County housing and tourism sources such as the Housing Trust Fund (\$1,100,000), 2017-18 Transient Occupancy Tax fund balance (\$1,000,000), the Lake Tahoe Tourism and Promotions budget (\$173,364), Community and Agency Support (\$26,636) and the Truckee-Tahoe Airport District (\$500,000) leaving an additional \$1,000,000 needed from other local sources or private philanthropy.

To proceed with this acquisition, staff is recommending that your Board approve the Budget Revision with funding from the Lake Tahoe Tourism and Promotions Budget (\$173,364) and

Capital Project No. 704949, Countywide Planning (\$26,636) to create a new Capital Project No. PJ00778-Nahas Property Acquisition in the amount of \$200,000. These funds are needed for the refundable Initial Investigation Period Deposit (\$50,000), non-refundable Investigation Period Extension Deposits (up to \$60,000 if all three Extensions are exercised), and staff/legal and consultant costs associated with due diligence activities (\$90,000). Depending on the outcome of the Initial Investigations, staff will return to your Board for approval of additional funding for the Purchase Price during the 120-day Initial Investigation Period of the Agreement.

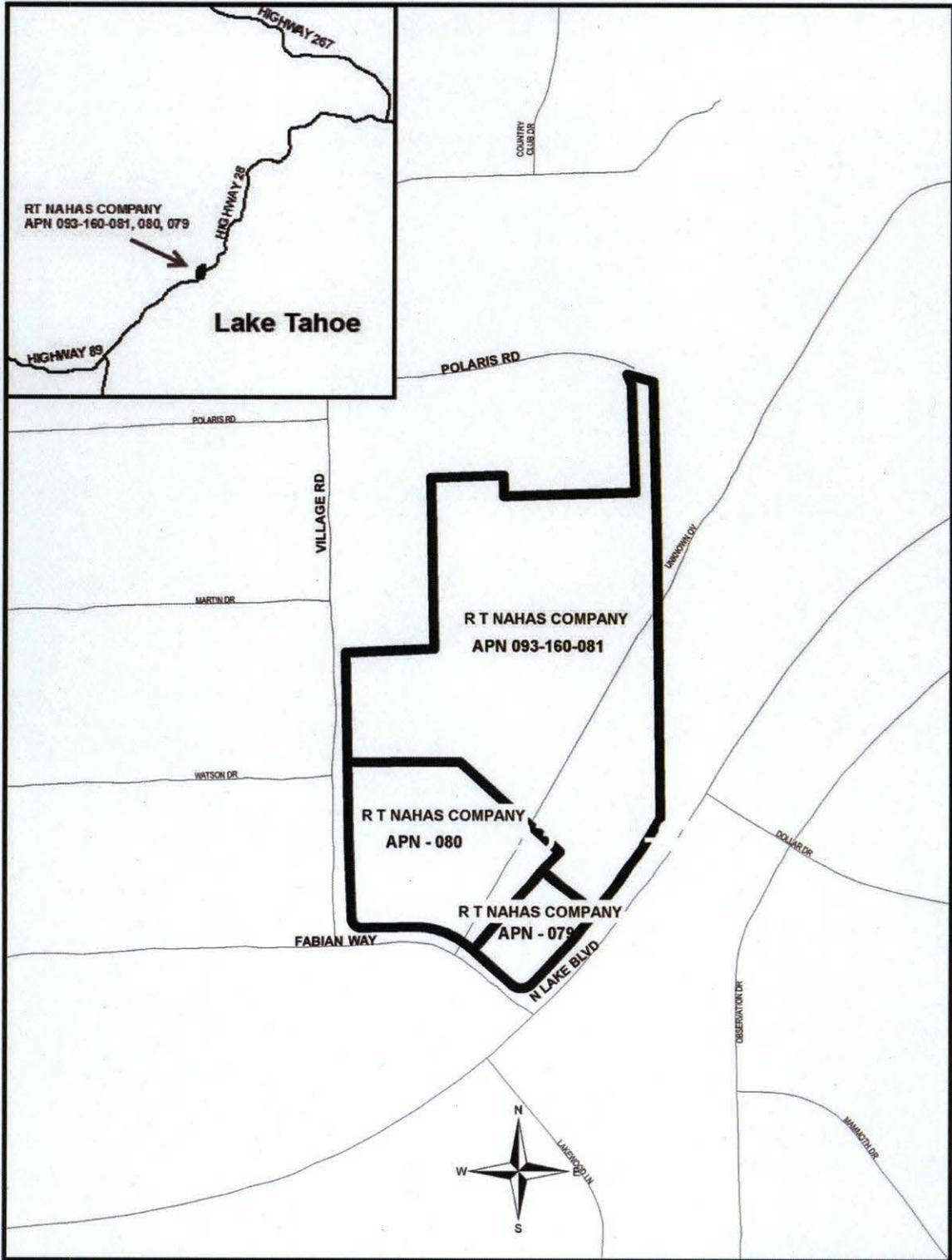
The estimated total cost of the potential workforce/affordable housing development would be determined as a result of the County's request for proposal process for a developer. It is anticipated this this potential development in the Lake Tahoe Region would be very competitive for 9% Low Income Housing Tax Credit (LIHTC) allocated by the California Tax Credit Allocation Committee (TCAC). Other funding needed may come from other local, State, federal, other grant funding sources, and from private philanthropy.

ATTACHMENTS

Property Map
Resolution

On File with Clerk of the Board: Purchase and Sale Agreement

Property Map



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

Resolution No.: _____

In the matter of:

A Resolution authorizing the Director of Public Works and Facilities, or designee, to take all actions necessary to complete the acquisition of the 11.4-acre property Parcel One (Assessor's Parcel No. 093-160-079), Parcel Two (Assessor's Parcel No. 093-160-080) and Parcel Three (Assessor's Parcel No. 093-160-081) located at 3205 and 3225 North Lake Blvd., Tahoe City, CA from the R.T. Nahas Company.

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____ 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, the R.T. Nahas Company, is the owner of 11.4 acres comprised of three parcels: Parcel One (Assessor's Parcel No. 093-160-079), Parcel Two (Assessor's Parcel No. 093-160-080) and Parcel Three (Assessor's Parcel No. 093-160-081) located at 3205 and 3225 North Lake Blvd., Tahoe City, CA ("Property"); and

WHEREAS, County staff identified the Property as a potential opportunity to provide achievable housing in the North Lake Tahoe region that could serve a range of local housing needs and income levels; and

WHEREAS, R.T. Nahas Company is willing to sell the Property to the County of Placer for the purchase price of Three Million Six Hundred Thousand and No/100 Dollars (\$3,600,000.00) (the "Purchase Price"); and

WHEREAS, the County desires to acquire the Property from the R.T. Nahas Company for the Purchase Price, pursuant to the terms set forth in the Agreement of Purchase and Sale.

NOW, THEREFORE, BE IT RESOLVED that the Placer County Board of Supervisors does hereby authorize the Director of Public Works and Facilities, or designee, take all actions necessary to acquire the Property, including the acceptance of a Grant Deed for the Property and the addition of the Property to the County's comprehensive capital assets listing.

BE IT FURTHER RESOLVED that the Board authorizes the Director of Public Works and Facilities, or designee, to extend by up to one year any and all contingency periods provided for in the Agreement for Purchase and Sale.

