



M E M O R A N D U M
HEALTH AND HUMAN SERVICES
ADULT SYSTEM OF CARE
County of Placer

TO: Board of Supervisors

DATE: October 6, 2020

FROM: Robert L. Oldham, Director of Health and Human Services

SUBJECT: Homekey Program Purchase of Property, Kings Beach

ACTION REQUESTED

1. Adopt a Resolution regarding the implementation of the Homekey Program to:
 - a. Authorize the Director of Facilities Management, or designee, to finalize and execute the Purchase and Sale Agreement (PSA) for a 14-unit motel located at 279 Bear Street, Kings Beach, California (APN 090-074-008-000) between the County and Yen Lai dba 7 Pines Motel also known as Seven Pines Property (7 Pines Property) with an appraised value of \$1,450,000 in an amount to be determined by your Board and to take all actions reasonable and necessary to implement the PSA and actions authorized by your Board, and assign rights to purchase the 7 Pines Property to the County's selected housing operator, AMI Housing, Inc. (AMI Housing).
 - b. Approve an amendment to Agreement SCN102142 with AMI Housing to acquire and operate Permanent Supportive Housing in the Tahoe Region, extending the contract nine months to June 30, 2023, and increasing the contract \$347,835 for an amended total not to exceed \$1,507,835 and authorize the Director of Health and Human Services to execute the amendment with Risk Management and County Counsel concurrence and to sign subsequent amendments up to \$100,000 consistent with the subject matter and scope of work with Risk Management and County Counsel concurrence.
 - c. Approve a 55-year deed restriction to AMI Housing in favor of the County for the 7 Pines Property upon purchase by AMI Housing with County funds and authorize the Director of Health and Human Services to execute the deed restriction with County Counsel concurrence.
 - d. Authorize the Director of Health and Human Services to execute the amendment, the deed restriction, and related Homekey Program award and distribution documentation for program implementation.
2. Approve the following Budget Amendments related to the purchase and operation of the 7 Pines Property:
 - a. Approve a Budget Amendment in the amount of \$1,400,000 for FY 2020-21 for the receipt of Homekey Program funds from the State and the expense of these funds for the purchase and operation of the 7 Pines Property.
 - b. Approve a Budget Amendment in the amount of \$1,340,572 for FY 2020-21 for CARES Act Funds for the purchase and operation of the 7 Pines Property.
 - c. Approve a Budget Amendment in the amount of \$83,000 for FY 2020-21 for HHAP Funds for the purchase and operation of the 7 Pines Property.

BACKGROUND

Homekey Program

With the current COVID-19 pandemic, the Governor has continued to encourage counties to support their homeless populations to find housing and recently developed the Homekey Program. The Department of Housing and Community Development (HCD) issued a Notice of Funding Availability ("NOFA"), dated July 16, 2020, for the Homekey Program grant funds pursuant to Health and Safety Code Section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.).

On September 22, 2020, your Board authorized the County's application submission to HCD to purchase a motel in the Tahoe Region and it was accepted by HCD. HCD is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213, Standard Agreement ("Standard Agreement"), and all other legal requirements of the Homekey Program.

7 Pines Property Acquisition

Prior to submitting the application, HHS asked Facilities Management for assistance with potential acquisition of the 7 Pines Property located at 279 Bear Street, Kings Beach CA, described as APN 090-074-008-000, and as depicted in the attached map. The 7 Pines Property is owned by Lai Yen and is approximately 3,865 square feet building, located on a 0.22-acre parcel.

This Property is ideal for reducing the risk factors for COVID with homeless individuals, by keeping them housed. There will be a Property Manager and Case Management to support residents on-site. Additionally, it is within walking distance of shopping, food services, community social services, and public transportation. Most importantly, these units can be affordable to the very low-income households served by ASOC and other community providers and suit the needs of many of ASOC's mental health clients. AMI Housing will complete any necessary building code updates and rehabilitation of the units for future use as permanent supportive housing. This will include adding mini kitchenettes with stove burners, a refrigerator, and sink. Additionally, the rooms will be updated as needed with new paint, flooring and fixtures. AMI Housing will apply for all permits, zoning applications, and engage the neighbors in community meetings as the project develops. AMI Housing already participates in the Community Collaborative of Tahoe Truckee and other housing groups in the area. AMI Housing is part of the leadership team and an active member of the Campaign for Community Wellness, AMI Housing's involvement in this project will strengthen the voice of the Tahoe Truckee community.

Staff have entered into a Non-binding Letter of Intent with the Owner as of September 15, 2020, and successfully negotiated terms of a Purchase and Sale Agreement (PSA) Key terms of the PSA include:

1. Purchase Price: The purchase price is to be determined by your Board.
2. Deposits: County will remit an initial \$10,000 due five business days upon execution of the PSA approved by the Placer County Board of Supervisors.
3. Contingency Investigation Period: County, or AMI Housing, as the operator assuming the PSA, has 30 days to review/approve the title, environmental and physical condition of the property.
4. 15-Day Escrow Period.
5. Assignment of Agreement: AMI Housing will be assuming the PSA prior to Escrow close and will take title of the 7 Pines Property. AMI Housing will receive the 7 Pines Property, subject to a 55-year deed restriction requiring this property to be used for permanent supportive housing for homeless individuals and those at risk of homelessness.

The County's non-binding Letter of Intent offered to purchase the property at a price not to exceed \$1,600,000 subject to the result of an appraisal. The County received an appraisal for the property which came in at \$1,450,000. The seller and staff continue to negotiate price at the time of drafting of this memorandum. Staff will provide a recommended price for your Board to approve at the Board meeting.

Amendment to AMI Housing Contract

On October 8, 2019, Your Board approved the award of competitive Request for Proposal (RFP) No. 100119 to AMI Housing to purchase and operate Permanent Supportive Housing in the Tahoe Region of Placer County. Additionally, at the same meeting the agreement related to RFP No. 100119 with AMI Housing was approved to purchase and operate MHSA Permanent Supportive Housing from October 1, 2019 through June 30, 2022, for an amount not to exceed \$1,160,000 with amendment authority up to an

additional \$100,000, along with approval of a related deed restrictions for any homes funded through the contract for a 55-year period.

To date, AMI Housing has been unsuccessful in purchasing a property in the Tahoe Region so the associated contract funds have not yet been spent.

Acquisition of the 7 Pines Property would benefit the County in its effort to expand its supportive housing program, reduce the COVID-19 risk among the homeless population, assist with low-income housing, enhance this population with their recovery efforts, and provide opportunities for independent living. To proceed with this acquisition, your Board's approval of these actions is requested.

Homekey Program Funds, CARES Act Funds, and Homeless Housing Assistance and Prevention (HHAP) Grant funds will all be used for the purchase of the 7 Pines Property. Homekey Program funds along with Mental Health Services Act (MHSA) funds, Homeless Emergency Assistance Program (HEAP) Grant funds, and HHAP Grant funds will be allocated for property improvements, operations and housing subsidies. The intention is for the County to enter into a purchase and sale agreement, and assign the property over during escrow to AMI Housing that will own and manage it. It is expected that the program will continue on an ongoing basis utilizing rental income including Vouchers, HUD and MHSA to manage the property. MHSA funds will be available to support the program as long as they continue to generate sufficient revenues and the program is effective in meeting the needs of the county and the target population.

ENVIRONMENTAL IMPACT

Your Board's actions to approve the proposed property acquisition and related documents and agreements, and to approve the above-referenced budget amendments, (collectively, the "Actions") are each Categorical Exempt from environmental review pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301. This Section provides an exemption for activities where there is no expansion of use beyond that previously existing. Additionally, on a separate and independent basis, the Actions are each exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3) because it can be determined with certainty that there is no possibility that approval of the Actions will result in a direct or a reasonably foreseeable indirect significant impact on the environment. Any proposed future changes in use at the site beyond those currently in place would be subject to separate environmental review.

FISCAL IMPACT

Homekey Program, CARES Act and Homeless Housing, Assistance & Prevention (HHAP) funding, HEAP and MHSA are all included in the attached in FY 2020-21 Budget Amendments resulting in a zero net county cost. No County General Funds are required.

ATTACHMENTS

7 Pines Property Map
Resolution

The Purchase and Sale Agreement, Amendment to Agreement SCN102142, and Deed Restriction are on file with the Clerk of the Board for review.

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

In the matter of:

A Resolution authorizing the Director of Facilities Management, or designee, to take all actions necessary to complete the acquisition of the approximately 3,865 square foot building on approximately 0.22 acres at 279 Bear Street, Kings Beach, CA (APN 090-074-008-000) and to authorize the Director of Health and Human Services to amend Agreement SCN102142 with AMI Housing, execute a 55-year deed restriction, and related documents.

Resolution No.: _____

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 Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (“NOFA”), dated July 16, 2020, for the Homekey Program (“Homekey” or “Homekey Program”) grant funds pursuant to Health and Safety Code section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.); and

WHEREAS, the County applied for and been awarded Homekey Programs grant funds; and

WHEREAS, Yen Lai DBA 7 Pines Motel also known as Seven Pines Motel (Owner) owns an approximately 3,865 square foot building situated on approximately 0.22 acres at 279 Bear Street, Kings Beach, CA, also described as APN 090-074-008-000 (Property); and

WHEREAS, the County has determined that the acquisition of the Property would benefit the County in its effort to provide and maintain housing consistent with the purposes of grant funds received; and

WHEREAS, the County is negotiating a Purchase and Sale Agreement with the Owner with an appraised value of \$1,450,000; and

WHEREAS, the County has a contract with AMI Housing to provide permanent supportive housing in the Tahoe area and providing ownership of the Property to AMI Housing to provide such housing.

NOW, THEREFORE, BE IT RESOLVED THAT,

1. The Director of Facilities Management, or designee, is authorized to finalize and execute the Purchase and Sale Agreement for of a 14-unit motel located at 279 Bear Street, Kings Beach, California (APN 090-074-008-000) between the County and Yen Lai dba 7 Pines Motel also known as Seven Pines Motel (7 Pines) in an amount determined by the Board at its October 6, 2020, meeting to be \$_____; and to take all actions reasonable and necessary to implement the Purchase and Sale Agreement, and actions authorized by your Board and assign rights to purchase the property to the County's selected housing operator, AMI Housing, Inc. (AMI Housing).
2. The Director of Health and Human Services is authorized to execute an amendment to Agreement SCN102142 with AMI Housing to acquire and operate Permanent Supportive Housing in the Tahoe Region, extending the contract nine months to June 30, 2023, and increasing the contract \$347,835 for an amended total not to exceed \$1,507,835 and authorize the Director of Health and Human Services to execute the amendment with Risk Management and County Counsel concurrence and to sign subsequent amendments up to \$100,000 consistent with the subject matter and scope of work with Risk Management and County Counsel concurrence.
3. The Director of Health and Human Services is authorized to execute a 55-year deed restriction from recordation on AMI Housing for the benefit of the County for 7 Pines with County Counsel concurrence.
4. The Director of Health and Human Services is to execute the amendment, the deed restriction, and related Homekey Program award and distribution documentation for program implementation.

**7 Pines Property Map
PURCHASE PROPERTY MAP
APN: 090-074-008-000**

