

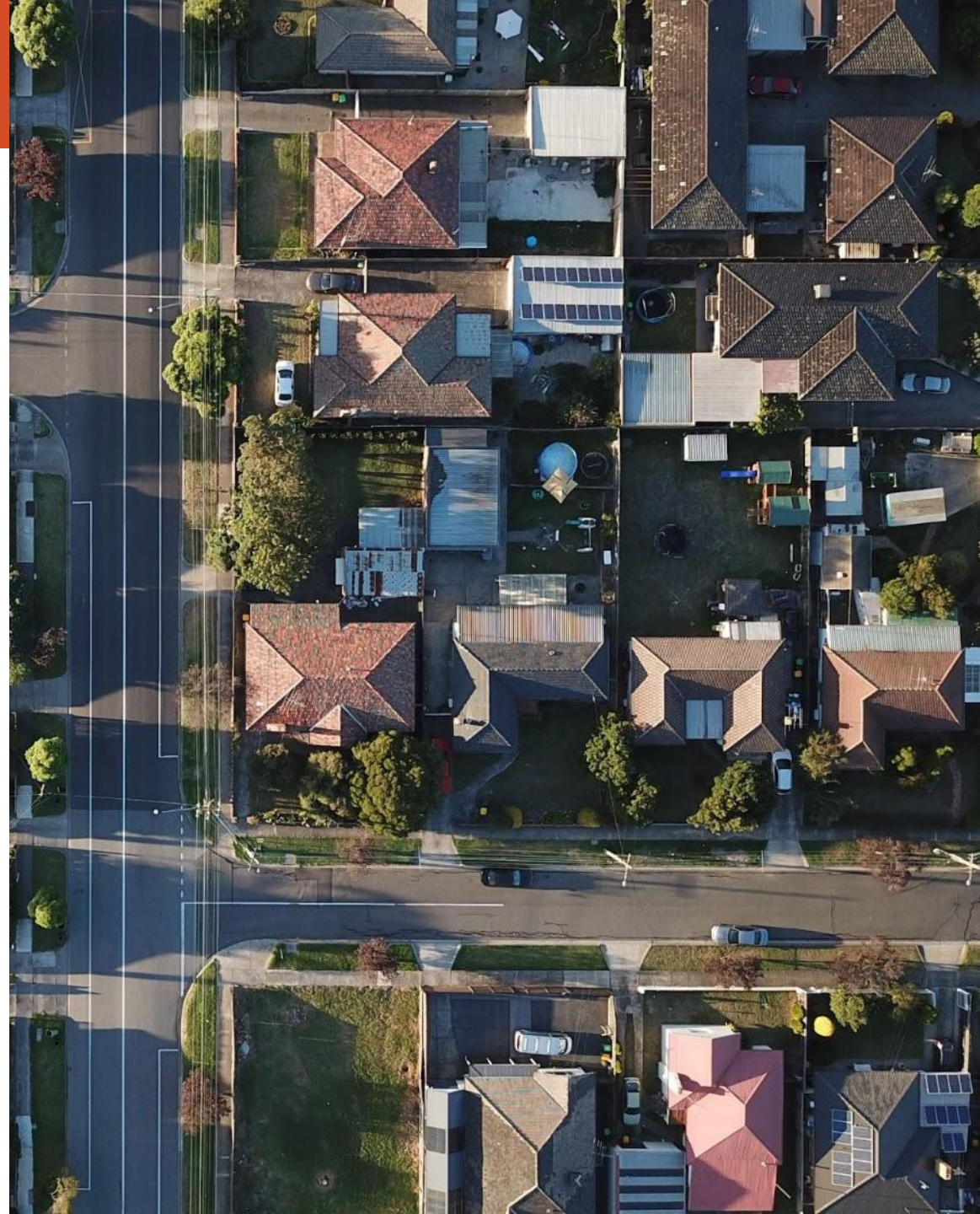
# CHANATE SURPLUS PROPERTY SALE

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# SONOMA COUNTY'S HOUSING CRISIS

- Beacon Economics estimates 26,000 new homes needed to achieve jobs/housing balance.
- Long commute times contribute to recruitment challenges and exacerbate climate change.
- According to Cal Housing Partnership, we need 14,600 affordable rentals countywide.
- Workers must earn \$44.23 per hour or \$91,998 per year to afford median rent in Sonoma County.



# SONOMA COUNTY'S HOUSING CRISIS: BOARD ACTIONS

- Community Development Agency
  - 2150 West College - property sale for mixed income housing with equity participation for the Community Development Commission
  - Windsor Veterans Village – Invested \$1.9 million into 60 unit property breaking ground in August 2019
  - No Place Like Home – secured \$20 million in competitive grants for creation of housing for behavioral health clients
  - Renewal Enterprise District (RED) formed Joint Powers Authority with City of Santa Rosa
- Recovery and Resiliency Framework Goals adopted, and actions completed
  - Evaluate County lands for surplus



# SONOMA COUNTY'S HOUSING CRISIS: BOARD ACTIONS

- Recovery and Resiliency Framework cont.
  - Permit Sonoma
    - Junior accessory units
    - Cottage housing developments
    - Provisions to encourage more, smaller units
    - Micro-apartments
    - Workforce Housing
    - By-right housing and mixed use prescriptions
    - Fees deferred to occupancy



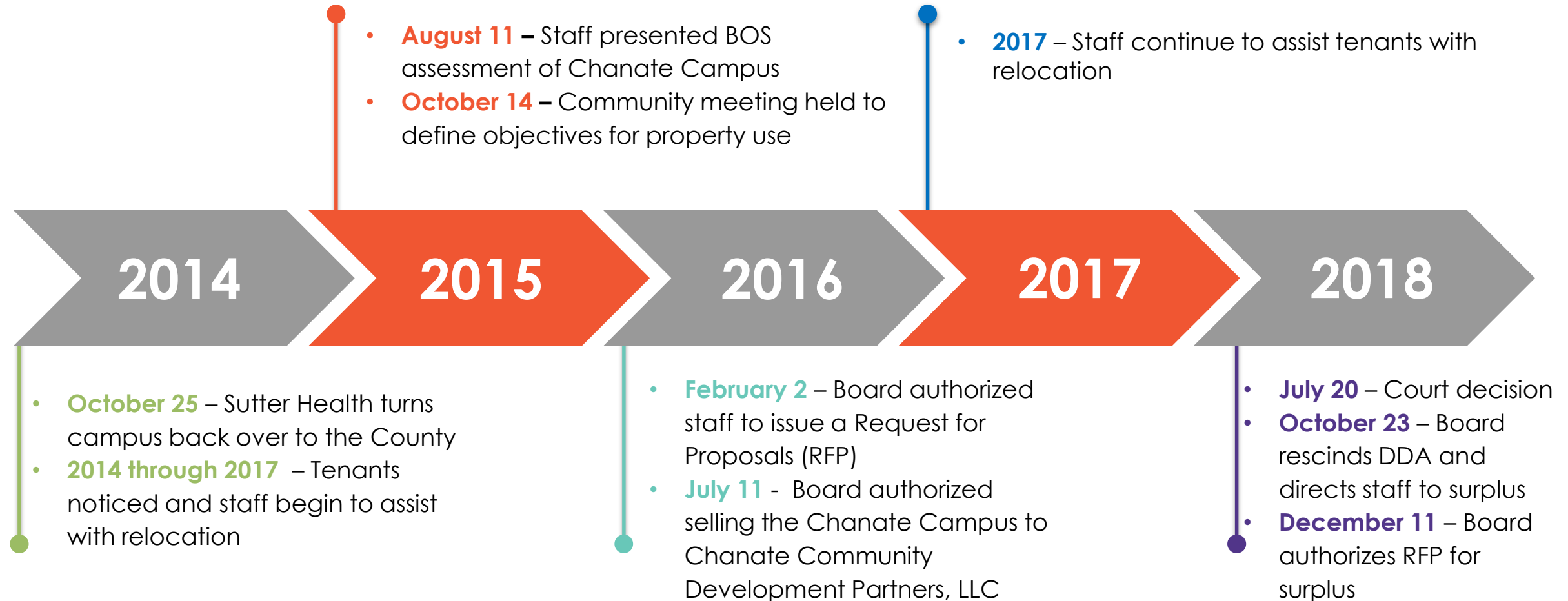


# OVERVIEW OF CHANATE PROPERTY

- 71.6 acres for sale
- 12 parcels
- County Morgue and Public Health Lab
- 2 remaining non-profit tenants
- Rural cemetery



# PREVIOUS SURPLUS PROCESS TIMELINE



# SURPLUS HISTORY – CURRENT ROUND

- Feb 2 – RFP issued
- May 10 - Three proposals received, all from affordable housing sponsors
- April – July - Community meetings, social media/email outreach
- Jun 4 - Proposers names released
- Jul 23 - Board meets, staff recommends CalCHA; all three proposals released to public
- Jul 24, 25 - Community meetings held with District Supervisor, CalCHA, GSD leadership, PIO, County Emergency Management, Santa Rosa City Planning, and City Fire. All questions were collected.
- Jul 25 - Chanate Property valuations released to public
- Aug 1 – Board item postponed in order to respond to community questions.
- Aug 13 – CalCHA informally notifies staff of proposal withdrawal.



# SURPLUS ACT REQUIREMENTS

1. County must follow Surplus Process CA GC 54220
2. Notice designated agencies, housing sponsors, etc.
3. Create opportunity for affordable housing.
4. Consider amount of affordable housing and degree of affordability if receive multiple offers





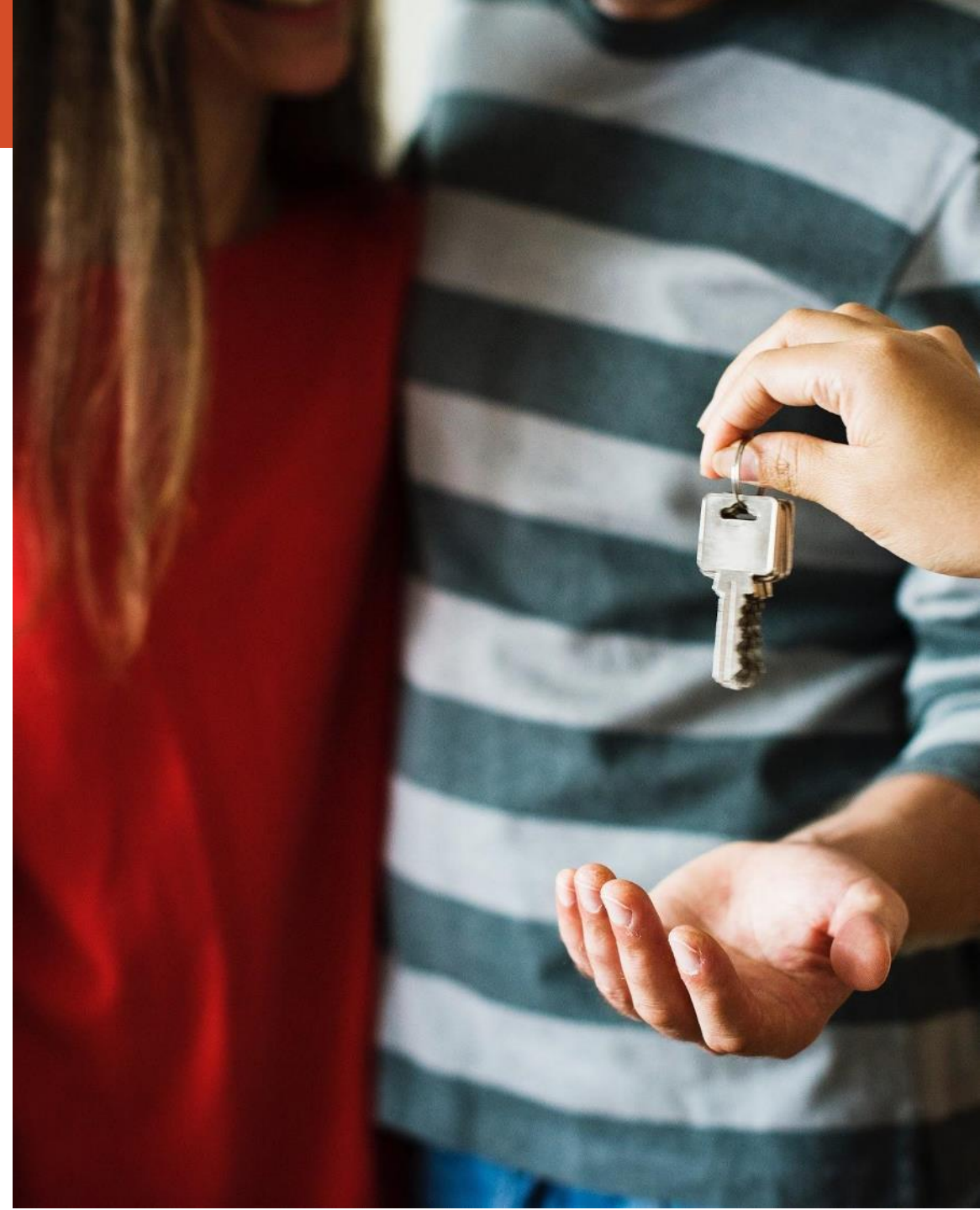
# BID RESPONSES

## May 10, 2019: 3 offers received from housing sponsors

- Oakmont Senior Living (OSL)
- CalCHA (**WITHDRAWN**)
- EAH

## County Selection Committee:

- County Administrator's Office
- General Services
- Community Development Commission
- Auditor Controller Treasurer Tax Collector
- County Counsel



# EVALUATION CRITERIA

As defined in RFP and by Surplus Act:

## **RFP:**

- Dollar Value+ Equity
- Demonstrated Financial Capacity
- Conditions of Closing

## **Surplus Act Statutory Requirements:**

- Amount of Affordable Housing
- Degree of Affordability





# PROPOSALS KEY COMPONENTS



## Oakmont Senior Living

- ✓ \$9 million cash offer
- ✓ No equity
- ✓ 30 day close
- ✓ 25% Low income
- ✓ Rental

## CalCHA

- ✓ \$1.00 cash
- ✓ \$5 million
- ✓ adv
- ✓ 120 day close
- ✓ 25% Low income
- ✓ Rental

**WITHDRAWN**

## EAH

- ✓ \$4.1 million cash or \$35K per permitted lot, up to \$11.6 million
- ✓ No equity
- ✓ 120 day close
- ✓ 25% Low income
- ✓ Rental

# EVALUATION - OSL

- Highest cash at closing offer
- 25% of all units affordable (meets)
- Rents on affordable restricted to 50% AMI (exceeds)
- No future economic benefits





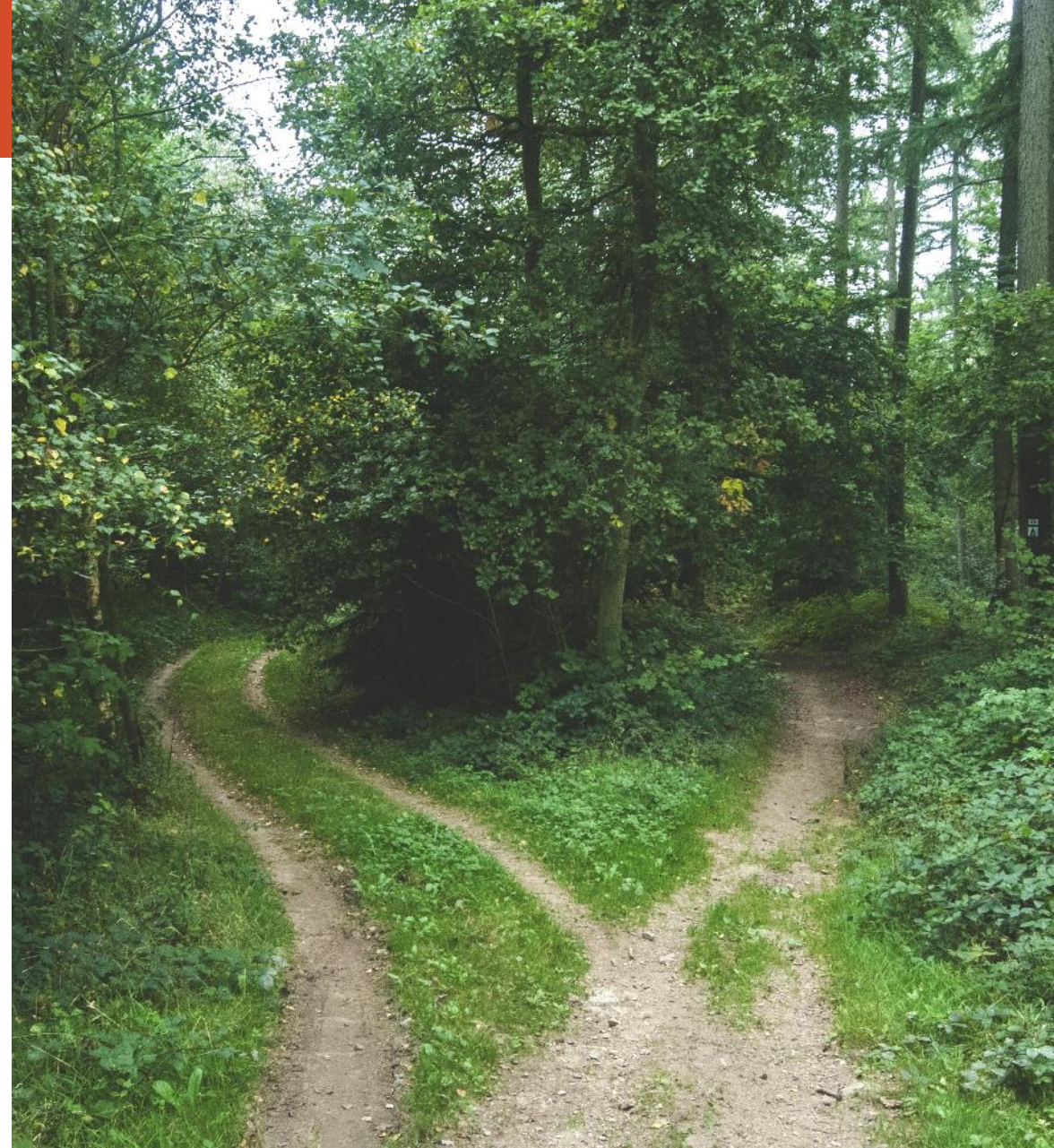
# EVALUATION - EAH

- Lowest cash offer
- 25% of all units affordable rentals (meets)
- Rents on affordable units 30 – 80% AMI (exceeds)
- Relies on competitive affordable housing funds
- No future economic benefits
- Lengthy due diligence



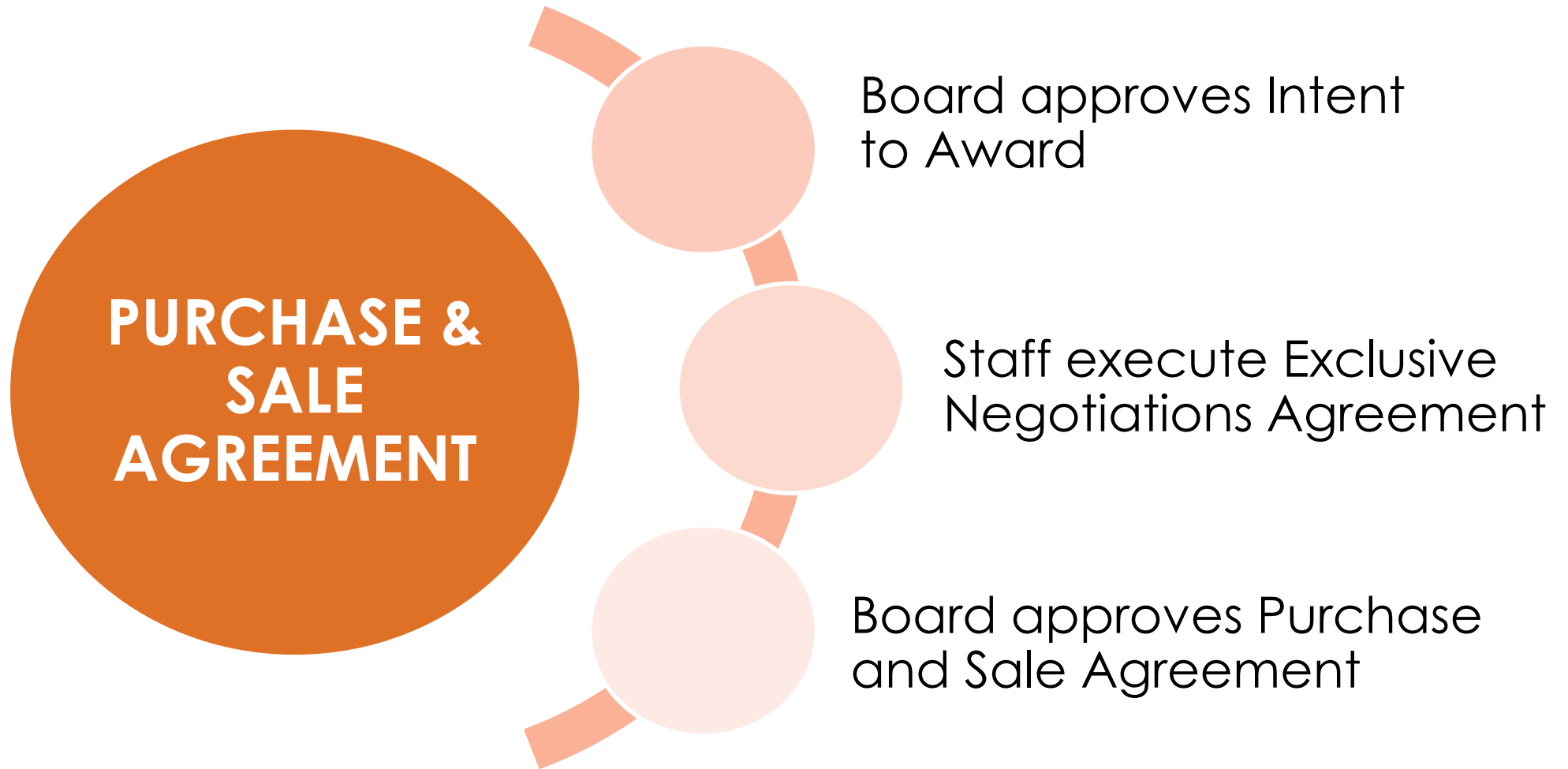
# NEXT STEP – Options

- Choose one of the remaining proposals
- Reject all proposals, consider other options, including:
  - Private sale as-is
  - Improvement, then Private sale
  - Improvement, then reconsider government uses
- Other actions?





# NEXT STEP – Option A -Choose a proposer



# NEXT STEP – Option B & C Demolish Buildings





# NEXT STEP – improve property value

- ~\$800,000 spent last year to address issues



# Next Step: Options B & C

- Reduce liabilities
  - It's costing taxpayers ~\$**800,000** per year addressing theft, delinquency, fire-hardening, security, etc.
  - Property is blighted
  - Existing buildings are seismically un-sound and their configuration, age, technological level renders them unusable in their current state.
- Demolish existing buildings, conduct geotechnical studies, perform CEQA analysis, etc.





# BOARD REQUESTED ACTION - OPTIONS

<b>A</b>	Direct staff to <b>award and proceed</b> to negotiate a Purchase and Sale Agreement with one of the two remaining proposers under the Surplus Property Notice issued on February 19, 2019, and release the other proposal. (4/5 <sup>th</sup> vote)
→ <b>OR</b> ←	
<b>B &amp; C</b>	Direct staff to: (i) prepare a request for proposals to <b>demolish all of the vacant structures</b> on the campus, (ii) perform <b>geotechnical</b> studies, and (iii) undertake associated <b>CEQA</b> actions for future Board consideration to address the continued vandalism and ongoing fire hazard associated with the vacant buildings, reduce liabilities, and ultimately increase the property value, and (iv) take <b>other actions</b> as necessary. (Majority vote)  <b>Adopt resolution</b> authorizing the use of General Fund Contingencies in the amount of <b>\$585,000</b> for the purpose, and preparing a request for proposals for demolition, and geotechnical studies to identify fault traces, and perform CEQA analysis in order to ultimately increase the property value. (4/5 <sup>th</sup> vote)
→ <b>OR</b> ←	
<b>D</b>	<b>Provide direction</b> to staff on other actions as necessary. (Majority vote)

