



SUMMARY REPORT

Agenda Date: 3/12/2024

To: Board of Supervisors of Sonoma County and Board of Commissioners of the Community Development Commission

Department or Agency Name(s): Community Development Commission

Staff Name and Phone Number: Marc Chandler, (707) 565-7524

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Elderberry Commons - Disposition and Development Agreement

Recommended Action:

- A) Adopt a Resolution authorizing the Executive Director of the Sonoma County Community Development Commission to enter into a Disposition and Development Agreement with Burbank Housing Development Corporation, substantially in the form attached to this Board item, for the transfer and development of Elderberry Commons into permanent supportive housing and authorize the Executive Director to execute all related documents to complete the transfer.
- B) Adopt a Resolution authorizing the Sonoma County Community Development Commission to execute all necessary documents to amend the California Department of Housing and Community Development Homekey Standard Agreement No. 20-HK-00119 in the amount of \$6,200,000 (Standard Agreement) to add Burbank Housing Development Corporation to the Standard Agreement as a Co-Applicant/Contractor.
- C) Authorize the Executive Director of the Sonoma County Community Development Commission to file Notices of Exemption in compliance with the California Environmental Quality Act.

Executive Summary:

This Board item requests approval for the Executive Director of the Sonoma County Community Development Commission (CDC) to enter into a Disposition and Development Agreement (DDA) with Burbank Housing Development Corporation (Burbank) for the transfer and development of the property formerly known as the Sebastopol Inn, located at 6751 Sebastopol Avenue, Sebastopol, CA 95472 (Property) and to amend the existing Standard Agreement to include Burbank as a co-sponsor of the project. The development consists of the conversion of the existing property into 29 units of permanent supportive housing with 1 managers unit, now known as Elderberry Commons.

The CDC and Burbank have structured a funding plan to accomplish the proposed conversion to permanent supportive housing. The total development budget is \$3,532,646.00 of which \$2,285,168.00 is construction costs. The balance is soft costs such as architectural oversight, insurance, lease-up costs, prevailing wage monitoring, and developer fees as well as the establishment of capitalized operating and replacement reserves.

CDC will provide \$2,600,000.00 in Whole Person Care Pilot Program funding through the DDA, to be used by Burbank to pay for the proposed construction and a portion of soft costs after transfer, with Burbank providing the balance of funding needed to complete the proposed conversion.

Discussion:

Background

The CDC purchased the Property located at 6751 Sebastopol Avenue, Sebastopol on December 17, 2020 for \$6,191,135 with California Department of Housing and Community Development (HCD) Homekey Round 1 funding. Pursuant to the HCD Standard Agreement and HCD Homekey program requirements, the transfer of the property is contingent on HCD approving the transfer and the Standard Agreement being amended to add Burbank as Co-Sponsor/Contractor.

The Board approved Resolution 23-0297 on June 12, 2023, authorizing the CDC to execute all Homekey documents and to enter into the exclusive right to negotiate with Burbank. The DDA describes the process through which the property will be transferred to Burbank, the source and terms of financing provided by the CDC to complete the capital improvements, the overall financing plan for the project, the development process and schedule, and the affordability covenants and use restrictions that will be required for the project.

On June 12, 2023, the CDC began working with an architect to complete the entitlement, design and permitting process to allow conversion of the property to permanent supportive housing and turn a shovel ready property over to Burbank, with transfer of Property targeted for March 2024. The design process is complete, and a building permit for construction work associated with conversion of the Property has been issued by the City of Sebastopol.

DDA

The purpose of the DDA is to facilitate the transfer of the property and development of the Project into permanent supportive housing. The DDA identifies the parties to the DDA and describes the responsibilities of the parties as they relate to the transfer of the property, and development of the project as well as long term operation of the developed site including but not limited to:

- a) Conveyance of the site from CDC to Burbank including purchase price, escrow requirements, conditions of the parties, and terms of conveyance;
- b) Financing provided by CDC to Burbank for conversion to permanent supportive housing as part of the transfer of property;
- c) Development of the site into permanent supportive housing including scope, schedule, and responsibilities for development; and,
- d) Long term use of the site including eligible uses, populations to be served, affordability levels, services to be provided and maintenance requirements.

Burbank will provide development and construction services to complete conversion of the property to permanent supportive housing. Through the DDA, the CDC is providing up to \$2,600,000 in state Whole Person Care Pilot Program (WPC) funds for capital improvements associated with the conversion of the property. On September 17, 2019, the CDC submitted an application for WPC funding in the amount of \$3,284,746.48 to the Managed Health Care and Quality Monitoring Division of the State of California Department of Health Care Services. The application requested the funding to be used for capital investments

for housing projects for Medi-Cal Beneficiaries who are mentally ill and experiencing homelessness or are at risk of experiencing homelessness. The application was approved, and CDC received an award letter dated September 30, 2019, allocating the WPC funding in the amount of \$3,284,746.48 for the requested use.

Transfer of the site to Burbank requires HCD's written approval of an amended Standard Agreement to include Burbank as owner and co-sponsor of the Property and amending and restating the existing HCD Regulatory Agreement restricting the site, which would replace the current interim housing use restrictions with covenants that restrict the use to permanent supportive housing. CDC intends to work with HCD and Burbank to execute an amended Standard Agreement and record an amended Regulatory Agreement during the 30-day escrow period, which may be extended up to 90 days.

Conversion to Permanent Supportive Housing

Capital improvements include installation of kitchenettes in all 30 units. Four ground floor units will be renovated into Americans with Disabilities Act (ADA) accessible units, with accessible shower stalls and ADA compliant fixtures and finishes. The ADA improvements will require moving interior walls to create necessary clearance space within each of the bathrooms to meet ADA requirements. One existing suite will be converted to a common area to include moving and modifying interior walls to provide a gathering space, refreshment area, bathroom, and to meet public accessibility requirements. Improvements to accommodate onsite staff will include conversion of one suite into an onsite two-bedroom manager's unit for a live-in property manager. The existing lobby and offices will be modified to provide workspace for staff, management, and maintenance operations with an area for equipment storage. The laundry service areas will be reconfigured to provide additional washers and dryers for tenant use along with updated lighting and electrical circuitry to better serve the future use of the property. Exterior improvements include replacement of siding, trim, flashing and patio decks to repair extensive dry-rot and weather damage, with all new work painted to match existing paint. At least one ADA parking space and one electric automobile charging station will be installed in the parking lot adjacent to the main entrance. Path of travel from parking areas and other common areas will be installed as required by code and will meet accessibility standards. Decorative fencing and gates separating the front exterior common area from the public sidewalk will be installed to provide a secure separation from the adjacent public areas.

The conversion of the property to permanent supportive housing will result in 30 residential units with one non-restricted (not required to be deed restricted as an affordable unit) on-site manager's unit and 29 units affordable to extremely low-income qualifying individuals and households. Placement of qualifying individuals and households will be through the Coordinated Entry system. Qualifying individuals and households include those with mental illness, experiencing or at risk of homelessness, and Medi-Cal beneficiaries earning 30% of the Area Median Income or less. Affordable units will have a combined maximum occupancy of 54 persons, with maximum occupancy of two persons per unit. The interior common area will be where residents and guests can gather for social activities, meetings, and support groups. The west side of the property is comprised of area where a former pool was removed and will now be available to accommodate a community garden or other outdoor community space. Many of the units have balconies and patios providing a semi-private outdoor space. The property is located across the street from a grocery store, next to a pharmacy, adjacent to a multiuse path, near public transportation, and is surrounded by numerous other amenities.

California Environmental Quality Act (CEQA)

Transfer and conversion of the property to permanent supportive housing is exempt from CEQA under Public

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Resources Code, Section 21080.50 - Interim Motel Housing Project. CEQA does not apply to an interim motel housing project (the conversion of a structure with a certificate of occupancy as a motel, hotel, residential hotel, or hostel to supportive or transitional housing) if one or both of the following conditions are met:

- a) It does not result in the expansion of more than 10 percent of the floor area of any individual living unit in the structure.
- b) It does not result in any significant effects relating to traffic, noise, air quality, or water quality.

Elderberry Commons conversion does not expand the footprint of any individual living unit and does not result in any significant effects relating to traffic, noise, air quality, or water quality.

Strategic Plan:

This item directly supports the County’s Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

Pillar: Healthy and Safe Communities

Goal: Goal 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

Objective: Objective 2: Identify and leverage grant funding sources for permanent supportive and affordable housing development.

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Prior Board Actions:

Resolution 20-0303, Authorizing Homekey round 1 application.

Resolution 20-0421, Authorizing the Purchase of Sebastopol Inn

Resolution 20-0475, Approving Budget Adjustment for Acceptance of Homekey funding

Resolution 23-0297, Authorizing the CDC to execute all Homekey documents and to enter into the exclusive right to negotiate with Burbank.

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses	\$2,600,000		
Additional Appropriation Requested			
Total Expenditures	\$2,600,000		
Funding Sources			
Whole Person Care funding	\$2,600,000		
State/Federal			
Use of Fund Balance			
Contingencies			
Total Sources	\$2,600,000		

Narrative Explanation of Fiscal Impacts:

\$3,286,000 in Whole Person Care funding was included in the Commission’s Project Homekey funding plan for Hotel Azura and Elderberry Commons approved by the Board on November 10, 2020. \$2,600,000 of that funding will be used for its intended purpose in funding this Project. Appropriations were included in the FY 2023-24 Budget for the cost of converting the units.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

No staffing impacts will be realized as a result of this project.

Attachments:

Attachment 1: Resolution - DDA

Attachment 2: Resolution - Homekey Standard Agreement Amendment

Attachment 3: DDA

Related Items “On File” with the Clerk of the Board:

DDA Attachments 1 through 15