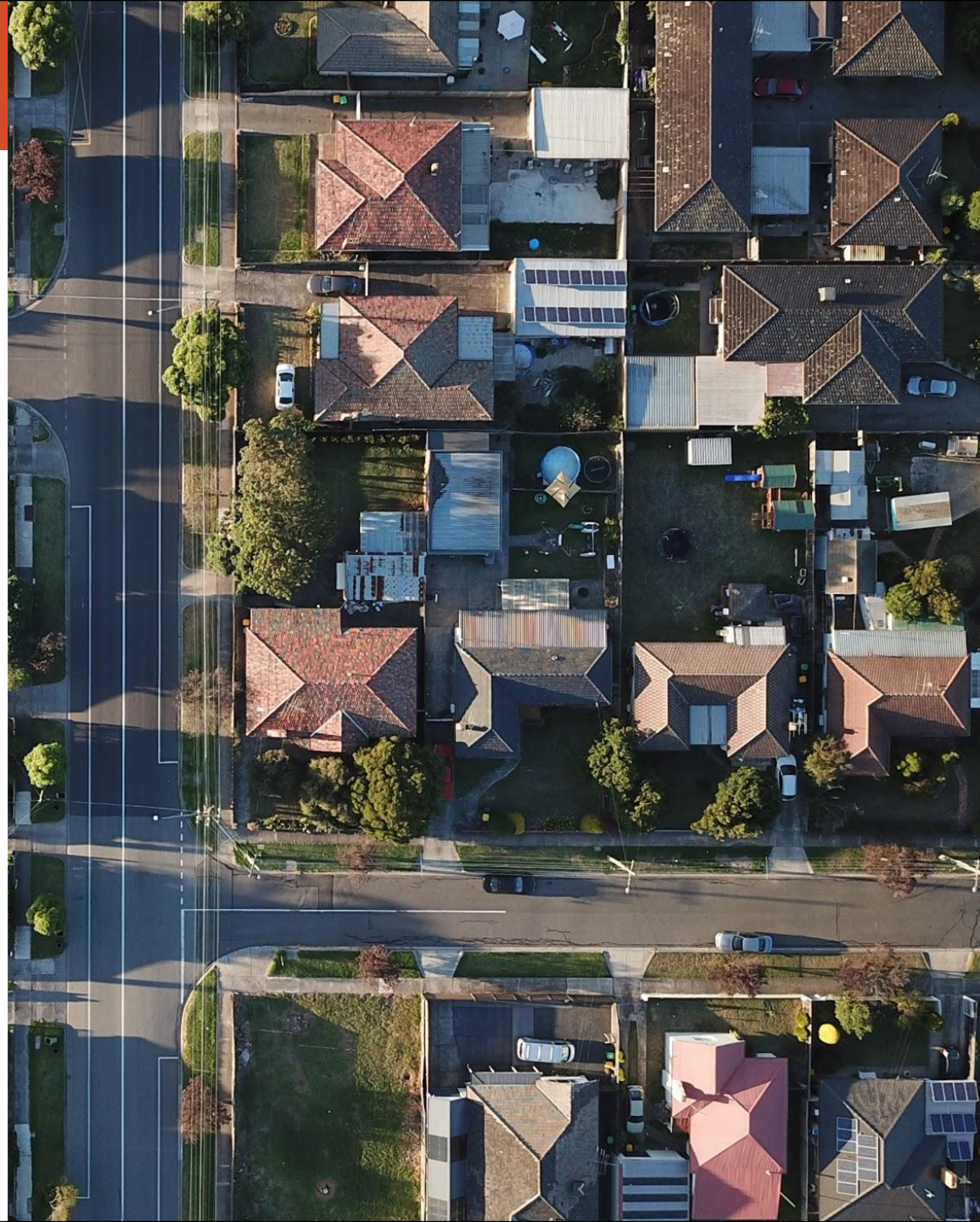


# CHANATE SURPLUS PROPERTY SALE

**CAROLINE JUDY, GENERAL SERVICES DEPARTMENT  
ROBERT PITTMAN, COUNTY COUNSEL  
MARC MCDONALD, GENERAL SERVICES DEPARTMENT**

# 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 Commission
  - 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



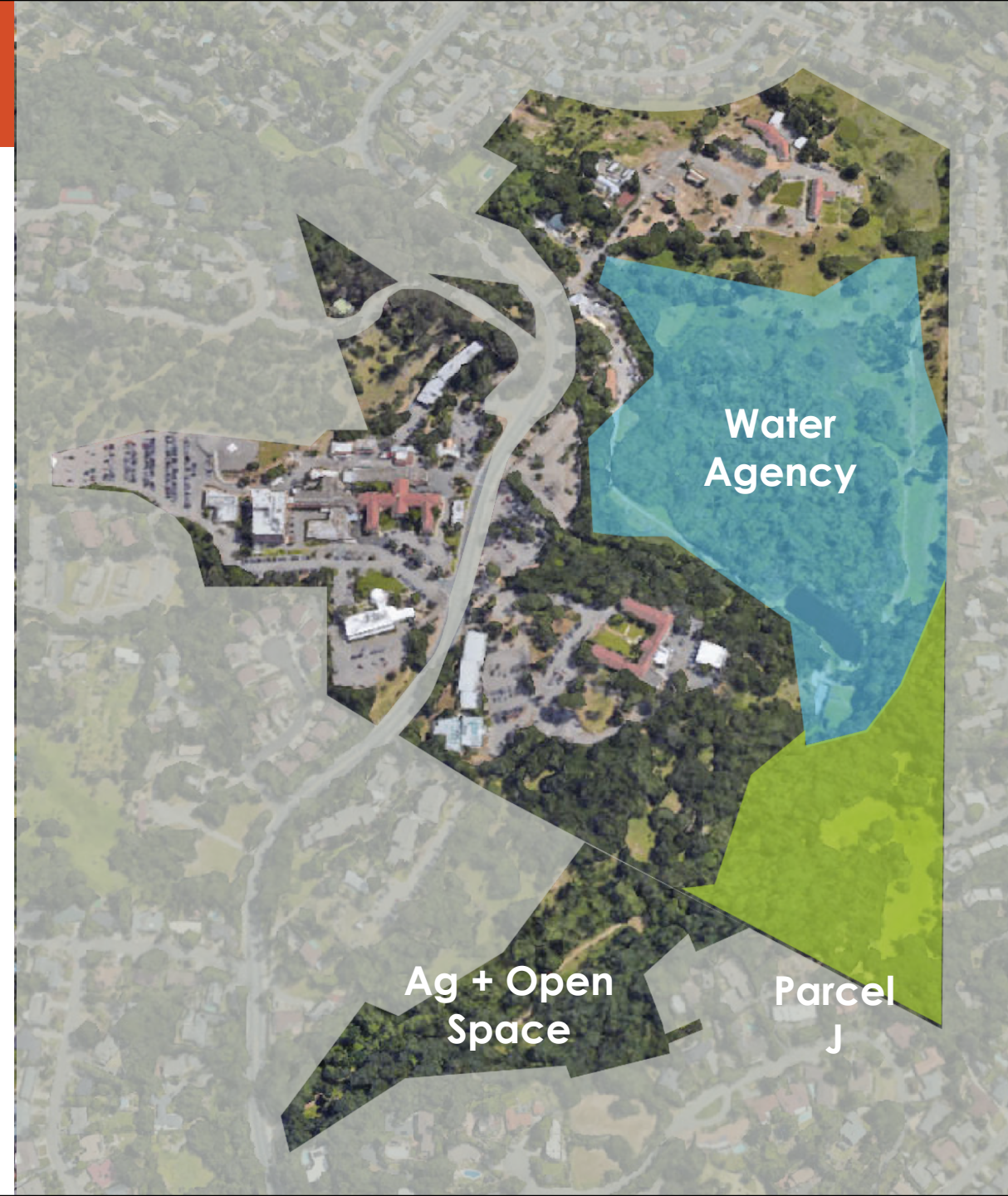
# COMMUNITY BENEFITS - HOUSING

- Proposed sale will enable housing for teachers, medical technicians, and other workers.
- Reducing commute times for these workers will improve quality of life and the environment.
- Future economic benefits will provide unrestricted funds to County for reinvestment.

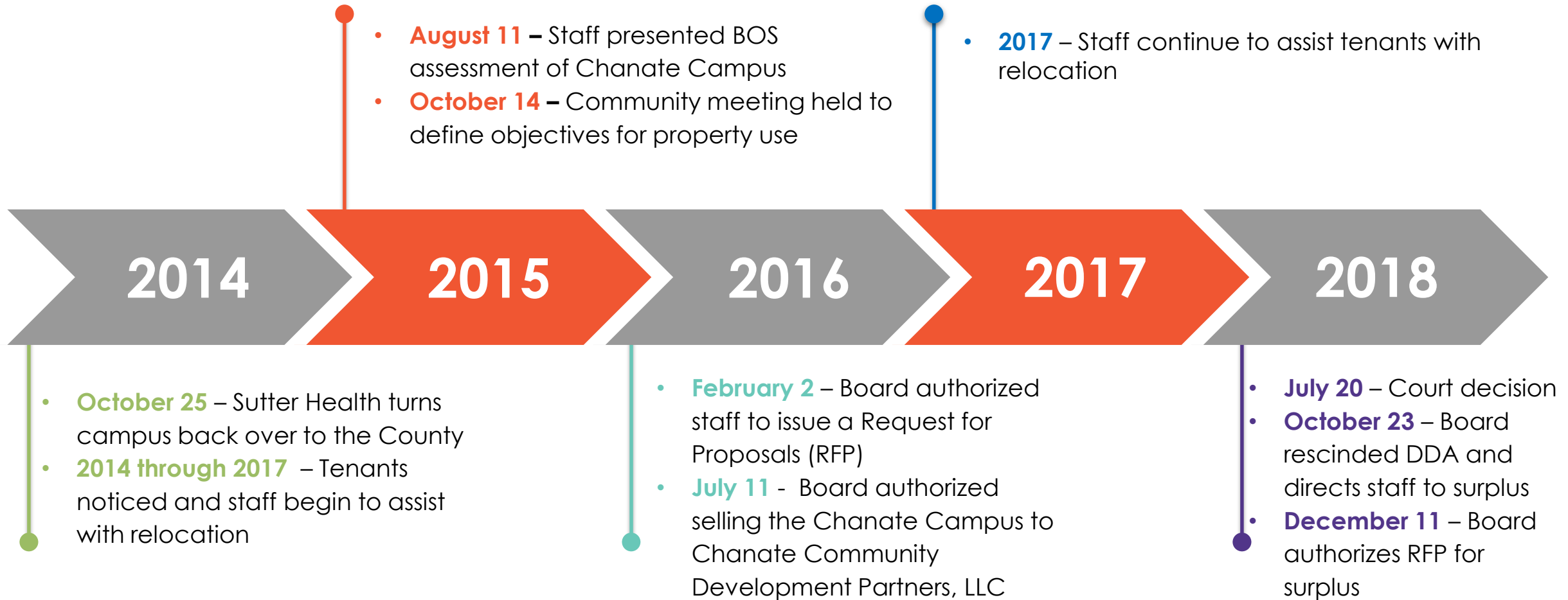


# OVERVIEW OF CHANATE PROPERTY

- 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

- County previously worked to consider reuses and found none
- Launched surplus process consistent with the CA Surplus Property Act
- No Bids received from 2016 Surplus Notice
- Private Sale Authorized
- Private Sale Cancelled
- Current situation
  - 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 makes them useless – they have to come down.





# SURPLUS ACT REQUIREMENTS

- Board re-authorized surplus sale on October 8, 2018.
- Surplus Act requires sale notice to housing sponsors, government agencies, local schools, tribal entities.
- Surplus Act legislative intent is to create affordable, safe, valuable places for people to live



# BOARD DIRECTION



DISPOSITION



OCCUPANTS



PROTECTED



SECURITY

# COMMUNITY OUTREACH AND CONCERNS

- March, April and June (4) community meetings
- Posted summary of questions and concerns on Chanate website
- Updated FAQ on Chanate website
- Regular updates to neighbors
- Social media updates
- (2) Upcoming community meetings



# SURPLUS ACT REQUIREMENTS

1. County must follow Surplus Process CA GC 54220
2. Notice designated agencies, housing sponsors, etc. ~ 600 entities
3. Create opportunity for affordable housing.
4. Consider amount of affordable housing and degree of affordability if multiple offers are received.



# CURRENT SURPLUS SALE PROCESS

1. Notice designated agencies, housing sponsors, etc.
2. Receive designated agency proposals
3. Evaluate submitted designated entities' proposals
4. Bid selection at Board discretion, no obligation to accept any bids from designated entities
5. If none are satisfactory, notice private parties
6. Receive private bids



# CURRENT SURPLUS PROCESS TIMELINE

- **February** - Surplus Notice & RFP Posted
- **March – ongoing** - Third District community informational meetings
- **May** – (3) Bids Received
- **May - July** – Consideration of bids and negotiations
- **July** – **Board consideration of award recommendation**



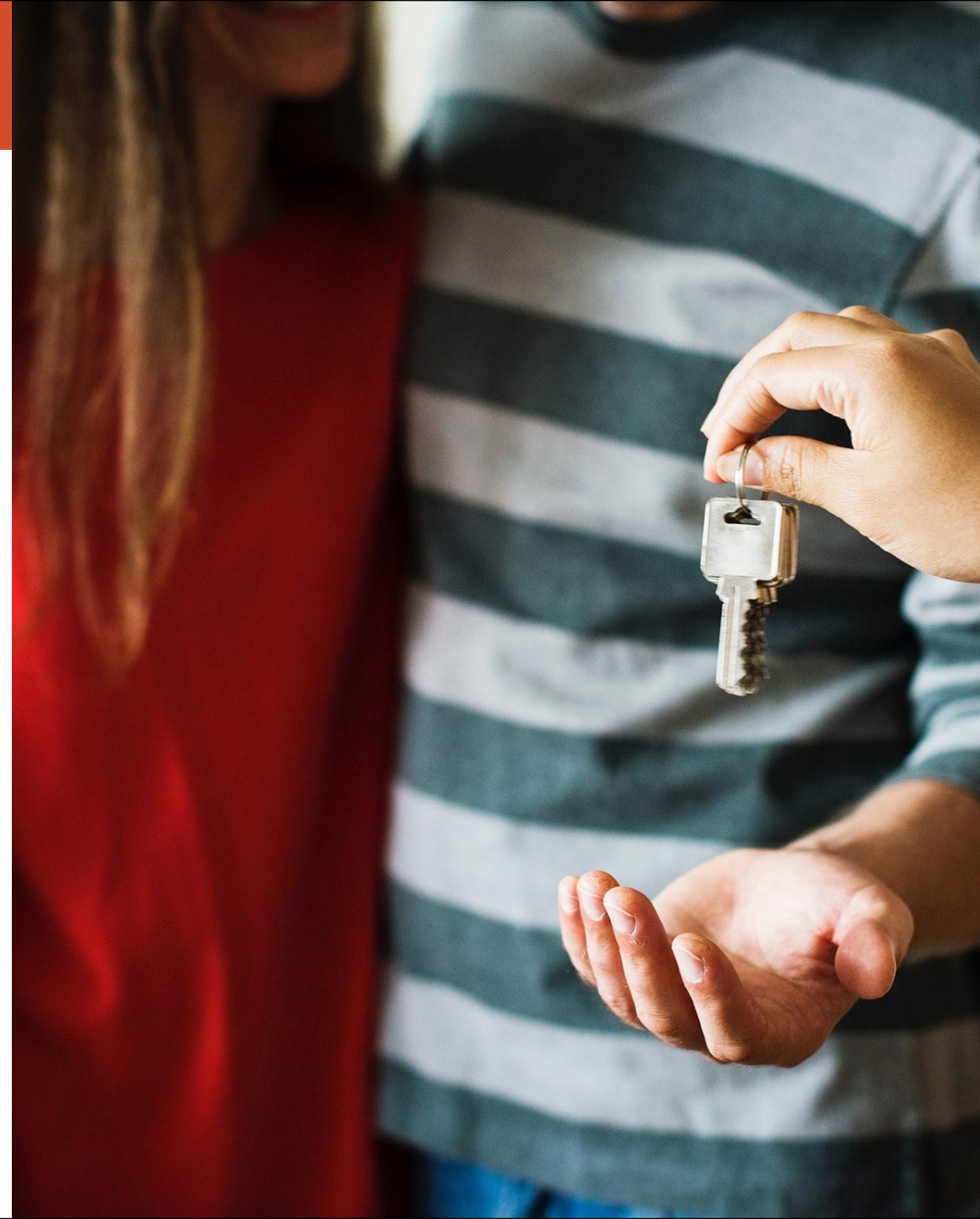
# BID RESPONSES

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

- Oakmont Senior Living (OSL)
- CalCHA
- 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

- ✓ \$8 million cash offer
- ✓ No equity
- ✓ 30 day close
- ✓ 25% Low income
- ✓ Rental

## CalCHA

- ✓ \$1.00 cash
- ✓ \$5 million equity advance
- ✓ 90 day close
- ✓ 100 % Low income
- ✓ Rental

## EAH

- ✓ \$4 million cash
- ✓ 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 - CalCHA

- Provides 100% affordable housing (exceeds)
- 80% moderate income affordable (exceeds)
- Equity opportunity
- Purchase option at year 15
  - Resell and take out equity
  - Retain and manage rentals
  - Refinance
- 90 day due diligence



# 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



# STAFF RECOMMENDATION

- Award to CalCHA as successful proposer
  - Exceeds CA Surplus Act requirements – 100% affordable
  - Meets degree of affordability requirements serving 80%, 100% and 120% Area Median Income affordable
  - Meets unaddressed workforce housing needs in community
  - Community benefits = equity opportunity
  - \$5 million equity advance
  - 90 day due diligence
  - Experienced team



**BUILD:**

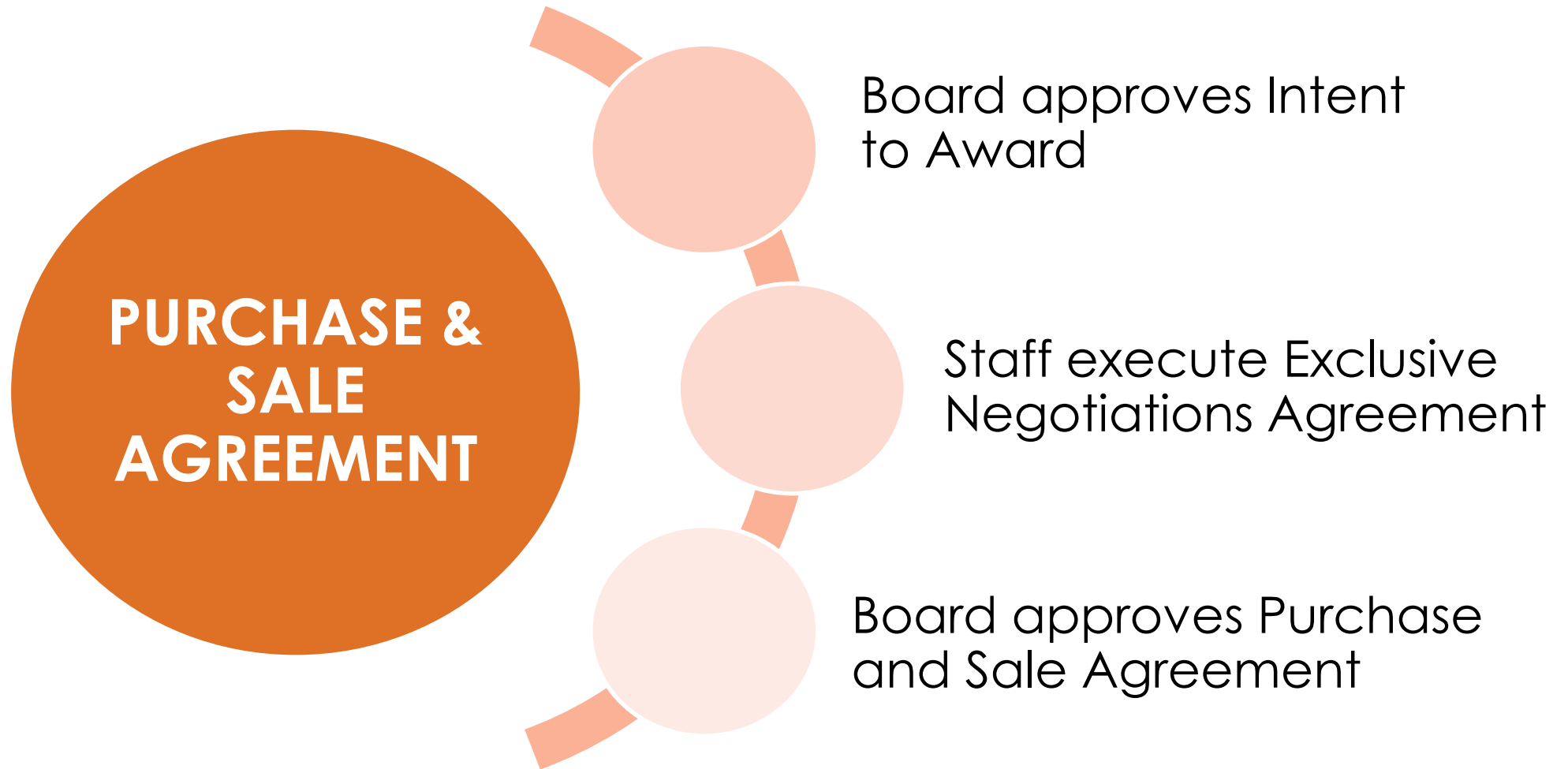


# CalCHA and Workforce Housing

- CalCHA is a public agency joint powers authority formed to address shortage of “middle-income” earner workforce housing.
- Prior projects target underserved affordable housing market segment.
- Affordable 80% – 120% AMI = county workforce from all walks of life, educational backgrounds, and economic sectors



# NEXT STEPS



# BOARD REQUESTED ACTION

- Authorize General Services to issue a Notice of Intent to Award to CalCHA as the successful proposer and release all other proposals.
- Delegate authority to the County Administrator and the Director General Services to negotiate and execute an Exclusive Negotiating Agreement, in a form approved by County Counsel, to enter a Purchase & Sale Agreement with CalCHA.
- Direct staff to return to the Board with a Purchase and Sale Agreement for the sale of the Chanate Campus to CalCHA pursuant to the California Surplus Property Act.

