



## COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

### SUMMARY REPORT

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**Agenda Date:** 11/28/2023

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**To:** Sonoma County Board of Supervisors / Sonoma County Community Development Commission

**Department or Agency Name(s):** Public Infrastructure / Community Development Commission

**Staff Name and Phone Number:** Johannes J. Hoevertsz, (707) 565-2550 / Michelle Whitman, (707) 565-7504

**Vote Requirement:** Majority

**Supervisory District(s):** Fourth

**Title:**

New lease with the Sonoma County Community Development Commission for 695, 697 and 699 Russell Avenue, in Santa Rosa

**Recommended Action:**

- A) Authorize the proposed lease agreement between the County of Sonoma, as Landlord, and the Sonoma County Community Development Commission (CDC), as Tenant, for use of certain residential property units located at 695, 697 and 699 Russell Avenue, Santa Rosa, for a term of three years, with three, 1-year options to extend the term, to provide transitional housing for individuals exiting homelessness.
- B) Delegate authority to the Director of the Sonoma Public Infrastructure (SPI) and the Executive Director of CDC to execute said lease, substantially in form as attached to this Summary and in form approved by County Counsel, and any extension options under the Lease.
- C) Find that the subject Lease is in the public interest and that the use of the subject Russell Avenue property under the Lease will not substantially conflict or interfere with County use.

(Fourth District)

**Executive Summary:**

Since April 2016, the CDC has leased the County-owned residential property at 695, 697 and 699 Russell Avenue, Santa Rosa, commonly known as the Russell Avenue houses (the Premises), to provide affordable housing for previously homeless individuals. The lease term expired in May 2021, and CDC is in month-to-month holdover. Approval of the proposed lease between County and CDC will allow the CDC to continue to utilize the Premises for affordable housing, for a total lease term through approximately November 2029. Under the Lease, the Premises will continue to be rented as affordable housing through the CDC to individuals exiting homelessness, particularly veterans and their families.

**Discussion:**

**Background.** This item proposes a new lease between the County and CDC for the Premises consisting of three residential units and an office, all located at 695, 697 and 699 Russell Avenue in Santa Rosa.

In April 2016, your respective Boards approved execution of the original lease for the Premises to provide housing for individuals exiting homelessness, including veterans and their families. County and CDC staff are

requesting approval by your respective Boards to execute a new lease with CDC to continue to provide affordable housing for previously homeless individuals, with the focus on serving homeless veterans.

The need for affordable housing for previously homeless veterans is pressing, as veterans may face unique challenges, including health issues, substance abuse, and post-traumatic stress disorder as a result of their military service. Affordable housing provides a stable and supportive environment for these individuals and their families, allowing them access to resources they need, and providing a steppingstone towards stability and self-sufficiency. The location and accessibility of the Russell Avenue houses is particularly beneficial. The housing units are located in a convenient, centralized location at the County Administration Center, with access to other essential County services.

In collaboration with the City of Santa Rosa Housing Authority, which operates a countywide U.S. Department of Housing and Urban Development (HUD)-Veterans Administration Supportive Housing (VASH) voucher program, CDC plans to provide housing for homeless veterans at the Premises. The VASH program combines HUD's Housing Choice Voucher (HCV) rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA), resulting in VASH vouchers. The vouchers subsidize the monthly rent tenants pay. The amount of the subsidy is a percentage of total rent amount with the calculation of subsidy based on the tenant's income. This subsidy would be paid to the CDC monthly in combination with the tenant's portion of rent. Veterans must agree to participate in case management in order to receive a VASH voucher. The Veterans Administration (VA) provides these services for participating veterans at VA medical centers (VAMC's), community-based outreach clinics, through VA contractors, or through other VA designated entities.

The CDC uses a property management company to manage day-to-day operations, subleases, maintenance, and repair responsibilities for all CDC-operated properties. The same management company is planned to provide these services to CDC for the leased Russell Avenue property.

**Proposed Lease.** The terms for the proposed Lease are as follows:

Premises: 695 Russell Avenue, with detached garage; 697 Russell Avenue; and 699 Russell Avenue - in Santa Rosa.

Term: Three (3) years, with three, 1-year options.

Rent: No rent or monetary consideration will be required from CDC. In lieu, CDC will provide affordable housing for individuals exiting homelessness.

Maintenance

& Repairs: The County (SPI-Facility Operations) performs scheduled maintenance, and repairs as requested by CDC, and CDC reimburses SPI for those expenses.

Termination: CDC may terminate the lease with 90-days' notice to the County.

**Funding.** Funding to pay for all functions associated with the leasing, subleasing, and management of the leased Premises, including repair and maintenance, is derived from the revenue CDC receives in the form of

rents paid by tenants and voucher subsidies. In addition to these rents received, under the Lease the CDC is required to hold a \$50,000 reserve for use in the event rents are inadequate to cover unanticipated costs. These transactions are in compliance with CDC's adopted Procurement Policy and all other applicable laws, regulations, and policies.

**Procedural Authority.** If in the public interest and if the use will not interfere with County's use of the subject property, Government Code section 25526.6 allows the County to lease or license County real property to a public utility corporation, on terms and conditions as determined by the County. Here, the CDC is a public agency under law. The subject Lease property is not needed for any active or planned County use or operation, and the use by CDC will further and support County and other public efforts aimed at combatting homelessness.

**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 4: Reduce the County's overall homeless population by 10% each year by enhancing services through improved coordination and collaboration.

**Objective:** Objective 5: Continue to collaborate with local partners, including Continuum of Care, to advance planning and policies to address homelessness.

**Racial Equity:**

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

No

**Prior Board Actions:**

Please see Attachment 2 – Prior Board Actions.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Projected</b>	<b>FY 24-25 Projected</b>	<b>FY -25-26 Projected</b>
Budgeted Expenses	\$72,539	\$74,715	\$77,115
<b>Total Expenditures</b>	<b>\$72,539</b>	<b>\$74,715</b>	<b>\$77,115</b>
<b>Funding Sources</b>			
General Fund/WA GF			
Fees/Other Rents	\$72,539	\$74,715	\$77,115

Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$72,539</b>	<b>\$74,715</b>	<b>\$77,115</b>

**Narrative Explanation of Fiscal Impacts:**

Appropriations to cover rental income and expenditures for the leasing of the Premises in the amount of \$71,644 is budgeted and paid with funding received from rents paid to CDC by tenants subleasing the units. CDC holds a \$50,000 reserve in addition to rents paid. Rental income and expenditures are projected for FY23-24, FY24-25 and FY 25-26 in the amounts of \$72,539, \$74,715 and \$77,115, respectively, and expenses would be paid with CDC funding received from rents paid by tenants subleasing the units.

In addition to the CDC funds, SPI Facilities Development and Management (SPI-FDM) receives reimbursement from CDC to cover maintenance only. These funds are included as part of the SPI-FDM Fac Ops budget for FY23/24 in the amount of \$10,889.

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

- 1 – Site Plan and Floor Plans
- 2 – Prior Board Actions
- 3 – Copy of proposed lease

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

None.