



Mendocino County

Legislation Text

File #: 21-0296, Version: 1

To: Board of Supervisors

From: Health and Human Services Agency

Meeting Date: March 9, 2021

Department Contact: Megan Van Sant

Phone: 463-7733

Department Contact: Steve Dunncliff

Phone: 463-4441

Item Type: Consent Agenda

Time Allocated for Item: N/A

Agenda Title:

Discussion and Possible Action Including Approval of Property Management Agreement with Rural Communities Housing Development Corporation (RCHDC) for Professional Services at the Live Oak Apartment Complex (Homekey Project) at 555 South Orchard (Ukiah) Effective Upon Execution through June 30, 2024 and Approval of Operating Budgets through June 30, 2022
(Sponsor: Health and Human Services Agency)

Recommended Action/Motion:

Approve the property management agreement with RCHDC for professional services at the Live Oak Apartment Complex (Homekey Project) at 555 South Orchard (Ukiah) effective upon execution through June 30, 2024; Approve operating budgets through June 30, 2022; and authorize Chair to sign same.

Previous Board/Board Committee Actions:

On August 4, 2020 the Board received a report from staff regarding the Homekey Program, and provided direction to staff. On September 22, 2020, the Board approved purchase of a 56 room hotel building located at 555 South Orchard Avenue in Ukiah and adopted a Resolution Authorizing participation in the Homekey Program. On October 20, 2020, the Board adopted a Resolution authorizing the purchase of that real property and approving an agreement to purchase the property in the amount of \$10,640,000. The same day, the Board approved a retroactive agreement with Brokaw Design for housing renovation design services at the site. On January 5, 2021 the Board received a report of an emergency declaration for rehabilitation of this facility, notice that the related construction agreement for Phase I would come forward in January, and an emergency purchase for related equipment. On January 26, the Board approved an Agreement with ACGC in the amount of \$887,512; on February 23 the Board approved a change order to expand the replacement of carpeting with vinyl flooring in Phase I of this project.

Summary of Request:

The Live Oak Apartments property located at 555 South Orchard will be used as housing for individuals and families who are homeless or at risk of becoming homeless. Rural Communities Housing Development Corporation (RCHDC) is assisting the County with the construction management for Phase I of this project, including addition of kitchenettes to 30 rooms. To ensure this new housing can be available for vulnerable populations during the COVID-19 pandemic, the State expects this project will achieve partial occupancy by March 31, 2021. To assist the County in meeting this extraordinarily quick deadline, RCHDC has agreed to

expand the scope of their existing partnership with the County and serve as the Property Manager for these apartments. RCHDC has already agreed to manage a similar project that is under way in Del Norte County. The Property Management Agreement requires RCHDC to annually develop and submit an operating budget to be approved by the County. This item includes a partial year and full year budget, one for the period of March through June, 2021, and the second corresponding to FY 2021-22. As specified in the agreement, future budgets will be approved by the Health & Human Services Agency (HHSA) Director. Although staff believe every occupied unit will generate rental income, the budget conservatively projects only 11 units would generate rental income in FY 2021-22. The funding gap that exceeds rental income will be fully paid by an Operating Subsidy Grant provided by the State for this project.

Budgeted staffing to be provided by RCHDC includes custodial, a resident manager, and a security guard. A Social Worker and Social Worker Assistant will work on site but are not included in the project budget as they will be employed and supervised by HHSA with other funding sources.

Based on anticipated grant funding opportunities, conversion of the remaining apartments through Phase II is anticipated to happen within the next two years. Phase II will not be an emergency project, but planning for completion is under way and now includes rooftop solar as a way to defray ongoing operating expenses and increase the sustainability of this housing.

Alternative Action/Motion:

Provide direction to staff.

Supervisory District: District 2

vote requirement: Majority

Supplemental Information Available Online At: N/A

Fiscal Details:

source of funding: Operating Subsidy Grant and unit rental income. **budgeted in current f/y:** Yes

current f/y cost: \$225,031

if no, please describe:

annual recurring cost: \$675,093

revenue agreement: N/A

budget clarification: Rental income from units is conservatively estimated in FY 2021-22 and 2022-23. Per budget, through the next fiscal year there is an anticipated gap between income and expenses. As rental income increase beyond 11 units in this 56 unit building, this gap will shrink. The funding gap that exceeds rental income will be fully paid by an Operating Subsidy Grant provided by the State for this project.

Agreement/Resolution/Ordinance Approved by County Counsel: Yes

CEO Liaison: Executive Office

CEO Review: Yes

CEO Comments:

FOR COB USE ONLY

Executed By: Atlas Pearson, Deputy Clerk I

Date: March 11, 2021

Final Status: Approved

Executed Item Type: Agreement Number: 21-040

Note to Department Number of Original Agreements
Returned to Dept: 0 Original Agreement Delivered to
Auditor? No

