

County of Santa Clara
Office of the County Executive
Office of Supportive Housing



100082

DATE: February 11, 2020

TO: Board of Supervisors

FROM: Ky Le, Director, Office of Supportive Housing
Jeffrey D Draper, Director, Facilities and Fleet

SUBJECT: Delegation of Authority to Purchase Real Property (Western Motel)

RECOMMENDED ACTION

Consider recommendations relating to the purchase and potential ground lease of real property located on 2250 El Camino Real, Santa Clara, Assessor's Parcel No. 290-10-072.

Possible action:

- i. Adopt Resolution finding the acquisition of the Property is exempt from the California Environmental Quality Act (CEQA); finding the acquisition serves a public purpose; and approving a delegation of authority to the County Executive, or designee, to negotiate, enter into, and sign all agreements and documents necessary or required for the consummation of the purchase of the Property, including but not limited to the Certificate of Acceptance, and to take all other necessary action to complete the acquisition, in an amount not to exceed \$9,000,000 following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on December 31, 2020.
- ii. Approve delegation of authority to the County Executive, or designee, to negotiate, enter into, and sign all agreements and documents and take any and all other actions that are necessary or advisable in connection with providing Charities Housing Development Corporation with an option to ground lease the Property and entering into such ground lease provided conditions to development are met, and subject to additional CEQA compliance, if legally required and following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on February 11, 2023.

FISCAL IMPLICATIONS

There is no impact to the General Fund as a result of the recommended actions. Funding to the Property will be drawn from 2016 Measure A Affordable Housing Bond (Housing Bond)

funds. To implement the Housing Bond, the Board adopted Resolution BOS-2017-102 approving the issuance and sale of general obligations bonds on August 15, 2017 (Item No. 28). The bond sale for \$250,000,000 was completed on October 26, 2017. Through previous actions, the Board has committed \$286,680,000 of Housing Bond funds.

If the Board approves acquiring the Property, the County's commitment of Housing Bond funds – for all Housing Bond-related programs – would be \$295,680,000, which is greater than the proceeds from the first bond issuance. At this stage, however, the County is only committing an up-to capital funding amount for each development with actual expenditures taking place over a three-to five-year period. The Administration does not anticipate spending more than \$250,000,000 from the first bond issuance before November 1, 2020, which is when the Administration intends to conduct the second bond issuance of \$300,000,000.

On December 18, 2018 (Item No. 39), the Board approved Appropriation Modification No. 166 which increased the expenditure appropriations in the Office of Supportive Housing (OSH) budget by \$102,070,000, which was the remaining uncommitted amount from the first issuance of the Housing Bond. After the second bond issuance, the Administration will bring forward an appropriation modification request to meet any further funding obligations associated with this project and any Housing Bond related developments or programs that the Board may approve hereafter.

The purchase price for the Property will not exceed \$9,000,000 and will not exceed the appraised value of the Property.

REASONS FOR RECOMMENDATION

The recommended actions advance the County's goal of creating new affordable and supportive housing by implementing previously approved Board actions indicating the County's preference to acquire property whenever possible.

On January 14, 2020 (Item No. 94), the Board approved issuing a notice to the public of the County's intent to purchase the Property in accordance with California Government Code Sections 25350 and 6063. The public noticing period will have been completed by February 11, 2020. If the recommended actions are approved, the County would take ownership of the Property on or about March 12, 2020.

The intent of the County's acquisition is to use the existing motel units for interim housing, transitional housing or temporary shelter for approximately two years, the typical time frame to obtain entitlements and financing for an affordable housing project. Administration would concurrently work with Charities Housing Development Corporation ("Charities Housing") to explore the redevelopment of the property for affordable housing consistent with the County's Supportive Housing Development Program Notice of Funding Availability.

Purchase and Sale Agreement and Option to Lease Agreement

The recommended actions enable the Administration to consummate the purchase of the Property and provide the necessary authority to enter into an option to lease agreement with Charities Housing, enabling the developer to initiate predevelopment activity for a permanent housing development.

Reasons for Delegation of Authority

Although delegations of authority are discouraged except under certain circumstances, this delegation of authority is necessary to allow the Administration to take actions required to timely consummate and close the transaction, following review and approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Closing a real estate transaction requires rapid turnaround of real estate documents on short notice and review real estate legal matters. County Counsel will undertake such reviews and assist staff in evaluating final legal issues prior to closing.

California Environmental Quality Act (“CEQA”)

For purposes of CEQA, Administration has determined that the acquisition of the Property is exempt from CEQA pursuant to CEQA Guideline 15301, as the acquisition will not result in any changes to the Property. Any proposed future development of the Property would be subject to legally required CEQA review by the lead agency.

CHILD IMPACT

The recommended action would have a positive impact on children and youth. Before the Property is redeveloped, it would be used to provide interim housing, transitional housing or emergency shelter to approximately 30 to 50 homeless young adults. Once the Property is redeveloped it will provide affordable and supportive housing opportunities to families with children and to young adults.

SENIOR IMPACT

The recommended action will have a positive impact on seniors. Once the Property is redeveloped it will provide affordable and supportive housing opportunities to lower income households, some of which may include seniors.

SUSTAINABILITY IMPLICATIONS

The recommended action balances public policy and program interests, and enhances the Board of Supervisor’s sustainability goal of social equity by improving homeless and low-income persons’ access to permanent affordable housing.

BACKGROUND

In September 2019, Charities Housing entered into Purchase and Sale Agreement with the owner of the Property. If approved by the Board at its public hearing on February 11, 2020, the County would take an assignment of the Purchase and Sale Agreement from Charities Housing and would agree to provide Charities Housing with the option to lease the Property

for an affordable housing development subject to Administration review and approval of final land use entitlement, CEQA, and related due diligence.

Charities Housing has been working with the City of Santa Clara to determine the critical path for the entitlements. The entitlement process is projected to take at least two years.

CONSEQUENCES OF NEGATIVE ACTION

The County would not acquire the Property.

STEPS FOLLOWING APPROVAL

The Clerk of the Board shall send notification and a copy of the adopted Resolution to Consuelo Hernandez of the Office of Supportive Housing and Andy Walker of the Facilities and Fleet Department.

LINKS:

- **Linked To:** BOS-2020-1 : Consider recommendations relating to intent to purchase real property necessary for the long-term preservation of affordable housing located at 2250 El Camino Real, Santa Clara, Assessor's Parcel No. 290-10-072.
- **Linked From:** 100083 : Public Hearing to consider the purchase of real property located at 2250 El Camino Real, Santa Clara, for a public purpose. (Supervisory District Four)

ATTACHMENTS:

- Attachment A - Western Motel Resolution (PDF)
- Attachment B - Public Hearing Notice(PDF)