



County of Sonoma Agenda Item Summary Report

Clerk of the Board
575 Administration Drive
Santa Rosa, CA 95403

Agenda Item Number: 40
(This Section for use by Clerk of the Board Only.)

To: Board of Supervisors and Board of Commissioners

Board Agenda Date: June 21, 2016

Vote Requirement: Majority

Department or Agency Name(s): Sonoma County Community Development Commission, Permit and Resource Management Department, General Services Department

Staff Name and Phone Number:

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Supervisorial District(s):

All

Title: Sonoma County Pilot Project to Use Non-Traditional Structures to Safely Shelter Homeless People Report and Recommendations

Recommended Actions:

Receive a report on the results of the Request for Proposals for a Pilot Project to Safely Shelter Homeless People using small, non-traditional structures at the County Administration Center and authorize the Executive Director of the Sonoma County Community Development Commission (CDC) to negotiate a Development and Professional Services Agreement, and the General Services Department Director to negotiate a Lease Agreement, with Community Housing of Sonoma County (CHSC) contingent on the receipt of all required financing for the project.

The Board is requested to make findings as required by Section 26227 of the Government Code that the proposed lease agreement is necessary to meet the social needs of the population of the County, and that the County does not need the subject property during the three-year term of the agreement.

Executive Summary:

Approval of this agenda item will authorize the Sonoma County Community Development Commission (CDC) and the General Services Department (GSD) to negotiate and bring back to the Board for consideration a Development and Professional Services Agreement and lease with Community Housing of Sonoma County (CHSC) for a Pilot Project using 12 small, non-traditional residential structures to safely house homeless people. If approved by your Board, and contingent upon CHSC's satisfactory compliance with all required conditions including commitment of all project financing and securing all necessary permits, the project will be located on the vacant lot located at the northeast corner of Fiscal Drive and Paulin Avenue, adjacent to the Supervised Adult Crew (SAC) site at the County Administration Center, for a period of two years. If the model proves successful after the two-year pilot, the structures

will be relocated to a property identified by CHSC.

BACKGROUND

On July 28, 2015, your Board approved a minute order directing the County Administrator to convene a multi-departmental team to consider the merits of providing county-owned property for a pilot project that would evaluate community suggestions to use non-traditional structures to address homelessness.

In a related action, on August 25, 2015, your Board convened a study session to discuss the potential housing strategies to end homelessness in Sonoma County outlined in *Building HOMES: A Policy Maker's Toolbox for Ending Homelessness*. The report described "Housing First" as a proven strategy for ending chronic homelessness and also described the need for over 2,200 new homes in Sonoma County for people who are homeless. Several operational approaches were described as means to addressing the County's permanent housing needs for homeless people, including rapid re-housing, permanent supportive housing, housing for homeless youth, set-asides in affordable housing developments, and rental subsidies.

On November 3, 2015, the Board received a report on using non-traditional structures on County land as a means to safely house homeless persons. The report revealed that a growing number of communities are exploring "tiny homes" and other alternate structure types as viable options to house homeless people and also addressed the land use and regulatory challenges associated with the model. The Board directed staff from the CDC, Permit and Resource Management Department (PRMD), and GSD to prepare a Request for Proposals (RFP) for a Pilot Project to Safely Shelter Homeless People using non-traditional structures on County property, to test this concept as one component of a broader effort to end homelessness in a manner that is cost effective, sustainable, and replicable on other public or private property.

Pilot Objectives

One of the objectives of the County's adopted Housing Element is to consider the use of new community housing models and innovative types of structures and building materials to meet a wide variety of housing needs while protecting the public health and safety. To this end, Housing Element Program 41 was adopted committing the County to consider non-traditional types of structures to safely shelter homeless people as part of a pilot project on county land.

The use of a two-year pilot allows County staff to conduct a "trial run" with both the physical and operational structures, determining what changes to county or state codes will be necessary to allow duplication of the pilot on private sites countywide, potentially leading to statewide duplication. While there have been a number of "tiny home villages" in other states, California's building and land use laws seemingly prevent some of the innovative models from being carried out legally in California. Sonoma County has the unique opportunity to lead in this area by providing a pilot demonstration project.

The pilot project is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15303, because it will place small, temporary structures on a previously-disturbed site with no habitat value, and it will be authorized for a limited period of time.

Pilot Project Parameters and Proposal Process

In January 2016, the Board authorized the release of the RFP and use of the vacant gravel lot located

near the Supervised Adult Crew (SAC) yard at the County Administration Center for the site of the Pilot Project, as indicated on the attached Site Location Map (Attachment 1). Reasons for selection of this site include proximity to services and transportation, access to utilities, minimal site preparation needs, anticipated near term use of the site, and potential for privacy. The future need for the site was described in the County Strategic Facilities Master Plan, given anticipated impacts resulting from the new Courthouse construction and the ongoing need to replace aging County facilities.

The RFP, included as Attachment 2, established the parameters under which proposals would be solicited, and was designed to provide answers to a variety of questions related to the alternative structures concept, including project objectives, operational models, structure types, land use considerations, affordability, and operational models. The RFP provided that the County would allow use of the site at no charge, and that any necessary improvements required for the Pilot Project would be covered by the developer and/or negotiated through the RFP process, as site preparation and associated infrastructure costs would vary based on the specifics of each proposal. The RFP also required the developer to restore the site at the end of the pilot term, at the election of the County.

Interested parties submitted 119 questions or requests for information regarding the RFP for staff consideration (Attachment 3), which were addressed both in writing and during an informational, pre-proposal meeting and site tour for interested developers on January 20, 2016. On March 14th, 2016, six proposals were received from five separate firms, as follows:

1. Burbank Housing – Integrity Village;
2. Community Housing of Sonoma County – Veterans Village;
3. Healthy Building USA;
4. Tiny Shelters of Sonoma County – The Railyard;
5. Tiny Shelters of Sonoma County – The Phoenix Community;
6. Prestige Homes & Remodel Inc.

Three levels of review of the proposals took place. This first review's purpose was to measure the basic capacity to provide the needed supportive services for the residents, as well as the ability to construct, operate, and maintain the alternative housing structures. The review panel consisted of representatives from CDC, GSD, and PRMD. This panel recommended advancement of all six proposals for the next level of review.

A Technical Advisory Scoring Committee (TASC) conducted the second review to determine in greater detail whether the proposal demonstrated the full capacity to meet the goals of the RFP. Factors scored included financial sustainability, post pilot exit strategy, permanent housing for residents, and the effective provision of homeless services delivery. The TASC members again included staff from CDC, GSD, and PRMD, as well as County Counsel. The TASC ranked all six proposals and two scored significantly higher than the remaining four. CHSD's Veterans Village proposal was ranked as the top proposal and Burbank Housing's Integrity Village proposal was ranked second by both numerical point total and consensus. Based on the TASC review of proposals, Burbank Housing's Integrity Village and CHSC's Veterans Village were recommended to move forward to the interview panel.

On May 19th, 2016, the Final Interview Panel held 90 minute interviews with the top two respondents. The Interview panel was composed of the County Administrator, the Directors of GSD and PRMD, the Executive and Deputy Directors of CDC, and staff of the City of Santa Rosa Economic Development & Housing Department.

Developer Selection and Recommendation

The Interview Panel concluded that the top proposal is CHSC's Veterans Village project. Of all the proposals, Veterans Village appears to offer the strongest opportunity for success. The proposal addresses all of the major elements of the Pilot. It would provide 12 units of permanent housing with supportive services for up to 24 residents, and includes an exit strategy for relocation of the structures to another location owned by CHSC that could be developed for this as an ongoing use if the model proves effective during the Pilot Project period. Furthermore, because CHSC plans to use photovoltaic and propene installations for electrical and gas services, the project proposes to make minimal site alterations that would require de-installation upon termination of the 2-year Pilot Project operations period.

The total development cost for CHSC's proposal as presented in its financial Pro Forma is \$976,343. This funding would be sought through the County Fund for Housing's competitive process which begins in July 2016 with the release of a Notice of Funding Availability (NOFA) and concludes in November 2016 with final decisions made by the Board. Annual operational costs would be \$110,880, which CHSC intends to cover through Veterans Administration Supportive Housing (HUD-VASH) vouchers. Their project also proposes to utilize Federal VASH funding for monthly rental subsidies for all residents through the Santa Rosa Housing Authority. Unlike all other proposals, Veterans' Village would therefore not be reliant on a direct county grant subsidy apart from the temporary use of the county property.

Based on research and evaluation, staff recommends that your Board authorize the Directors of the CDC and GSD to negotiate a Development and Professional Services Agreement with CHSC for the Veterans' Village Pilot Project. Successful negotiation of the Development and Professionals Services Agreement is contingent upon CHSC obtaining funding for the project. Staff of the Veterans Administration participated in the proposal presentation and has represented that HUD-VASH funding is available for the rental subsidies and services.

Public interest

Section 26227 of the Government Code allows the County to enter into the lease agreement provided the Board makes the finding that the agreement is necessary to meet the social needs of the population of the County, and that the County does not need the subject property for County purposes during the term of the lease. Staff recommends the Board find that the lease agreement is necessary to meet and promote the social needs of the County on the basis that it will provide housing to members of the community in acute need of such assistance. Staff further recommends the Board find that the property to be leased is not needed by the County during the three-year term of the lease because it is currently unused and is expected to be so until such time as the County moves forward with a County Center plan that utilizes the site, which use is not expected to occur until 2018. A three year term is required to accommodate both the construction and removal time around the two year expected operations period.

The Veterans' Village proposal would also need to compete well in the County Fund for Housing competition to be conducted in Summer/Fall 2016, and would need to complete a successful negotiation of a lease agreement for the County land. Said lease agreement must be consistent with CA Government Code Section 25515 and ensure that County indemnification and other factors for use of the county land are met without undue risk to the taxpayers or surrounding property use. After all required conditions are met, staff would return to your Board for approval of negotiated services contract, funding agreements, lease, and associated resolutions.

Prior Board Actions:

- 01/05/16 – Board directed staff to release a Request for Proposals for the Pilot Project
- 11/03/15 – Board directed staff to complete analysis of County property to be used for a Pilot Project and prepare Request for Proposals to solicit developer interest.
- 08/25/15 – Board adopted ten year effort to end homelessness in Sonoma County, the *Building HOMES Report* (or "Toolbox). The Toolbox has the exploration of alternative housing types as a means by which to end homelessness at potentially lower costs than current affordable housing construction.
- 07/28/15 – Board approved a minute order directing the County Administrator to convene a multi-departmental team to consider the merits of providing county-owned property for a housing pilot project that harnesses the communities' interest to address homelessness with non-traditional structures or "tiny homes."
- 12/02/14 – Board approved the 2014 General Plan Housing Element (Countywide) including element program 41.

Strategic Plan Alignment Goal 1: Safe, Healthy, and Caring Community

Providing adequate housing for people who are homeless helps to promote good health and wellbeing.

Fiscal Summary - FY 15-16

Expenditures		Funding Source(s)	
Budgeted Amount	\$ 0		\$
Add Appropriations Req'd.	\$ 0	State/Federal	\$
	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
	\$	R&R	\$
Total Expenditure	\$ 0	Total Sources	\$ 0

Narrative Explanation of Fiscal Impacts (If Required):

There is no fiscal impact associated with this action as the developer is required to obtain financing as a condition of the agreement.

Staffing Impacts			
Position Title (Payroll Classification)	Monthly Salary Range (A – I Step)	Additions (Number)	Deletions (Number)
Narrative Explanation of Staffing Impacts (If Required):			
None.			
Attachments:			
<ol style="list-style-type: none"> 1. Site location map 2. Request for Proposals for Pilot Project to Safely Shelter Homeless People 3. Q and A compilation from RFP process 4. Recommended Proposers Financial sources and expenses summary 			
Related Items “On File” with the Clerk of the Board:			
None.			