



**Contra
Costa
County**

To: Board of Supervisors
From: Brian M. Balbas, Public Works Director/Chief Engineer
Date: October 20, 2020

Subject: Purchase of Motel 6 in Pittsburg for \$17,400,000 Using Funds Provided by Homekey and the Homeless Emergency Aid Fund

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Public Works Director to execute a purchase and sale agreement with the owners of the real property located at 2101 Loveridge Road, Pittsburg (the Property) for the purchase of the Property for \$17,400,000, subject to approval by the County Administrator and approval as to form by County Counsel.

APPROVE and ACCEPT a grant deed conveying the Property to the County.

DIRECT the Real Estate Division to have the above-referenced grant deed delivered to Chicago Title Company, 120 Concord Avenue, Suite 400, Concord, Escrow No. 3630218-363-LB-KD, for recording in the office of the County Recorder.

DETERMINE that the purchase of the Property is exempt from the California Environmental Quality Act (CEQA) under Public Resources Code section 21080.50.

FISCAL IMPACT:

The purchase price of \$17,400,000 will be paid using funds provided by the State, with \$16,700,000 coming from Homekey and \$700,000 coming from the Homeless Emergency

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **10/20/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: October 20, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Julin Perez, 925.
957-2460

cc:

Aid Program (HEAP).

A portion of the

FISCAL IMPACT: (CONT'D)

cost of rehabilitating the Property is included in the purchase price, with the seller completing a variety of needed improvements prior to the close, including repairing the roof and replacing the pool with landscaping. Other site improvements, including replacing the HVAC system, ADA upgrades, improvements to the security system and additional site lighting, will be paid for using Homekey and HEAP funds. In addition, one family may be eligible for relocation benefits. Any relocation costs will be paid for using Homekey or HEAP funds.

Operating costs are estimated to be \$2.4 million in the first year, increasing by 2.5 percent annually. The County has been awarded \$4,176,000 of Homekey funds for operating costs, which will cover nearly two years of operation. The remainder of operating costs for the first five years will be paid for using funds from both the State's Homeless Housing Prevention program and the federal Emergency Solutions Grant program (ESG).

BACKGROUND:

URGENT NEED FOR HOMELESS SERVICES:

The State of California is experiencing a homeless crisis that accounts for almost half of the nation's homeless population. According to the most recent Point in Time count, Contra Costa County's homeless population has increased by 43% over the last two years. It is estimated that one-third of the County's homeless - over 550 people - reside in East County, an area where the County currently has 20 shelter beds available. In 2018, an extensive community process identified the development of a homeless shelter and assessment center as the greatest need in East County.

On June 30, 2020, Governor Gavin Newsom announced Homekey as the next phase of response to protect homeless Californians from COVID-19. The Governor has made \$1.3 billion available for counties to collaborate with the State to acquire and rehabilitate various housing options, such as hotels, motels, and vacant apartment buildings. On August 4, 2020, the Board of Supervisors adopted a resolution that authorized the County to apply for Homekey grant funds to purchase the property that is the subject of this board order.

PROPOSED PURCHASE:

The County has been awarded \$21,576,000 of Homekey funds for the purchase, rehabilitation and operation of the Motel 6 located at 2101 Loveridge Road in Pittsburg (the Property). Acquisition of the Property will increase the number of shelter beds permanently available in East County from 20 to 174, an increase of 770%. In addition to providing shelter, the County intends to provide essential behavioral health, health care and other services to residents.

A portion of the funds received from Homekey (\$17,400,000) is earmarked for acquisition, rehabilitation and soft costs. These funds must be spent quickly. The target date for closing the acquisition is November 11, 2020, and the deadline for spending all these funds is December 30, 2020. The balance of the grant (\$4,176,000) is earmarked for operating costs during the first two years of operation.

Staff from the County's Public Works Department is working with an environmental consulting firm to conduct a Phase II environmental study of the Property. Information continues to be gathered related to the condition of the soil.

The County's acquisition of the Property is conditioned upon receipt of the Homekey funds and upon the County's satisfaction with the condition and suitability of the Property.

CURRENT OPERATIONS:

The County currently leases the entire property on a month-to-month basis as part of "Project Roomkey," a precursor to Homekey. (Project Roomkey is a State program that pays for hotel rooms for residents who cannot effectively isolate themselves during the COVID-19 pandemic because they had lost their housing.) In response to the COVID-19 emergency, the County rented most, then later all, of the rooms under an emergency occupancy agreement. The County contracted with Bay Area Community Services, Inc. (BACS) to conduct the day-to-day operation of homeless services at the facility, with the County's Health Services Department providing healthcare and behavior health services. Facility management (e.g., landscaping, housekeeping) is provided by the property owner as part of the emergency occupancy agreement. Once the County acquires the Property, facility management services will become part of the scope of services provided by BACS.

FUTURE OPERATIONS:

As discussed above, acquisition of the Property will increase interim housing capacity in the region by 770%, an increase that will have a measurable impact on the County's homeless crisis response system. In addition, the acquisition will enable the County to achieve its goal of creating a permanent service hub in East County to help homeless residents transition into stable living situations - in less time, and at a lower cost, than would be required to develop a new facility.

A large, permanent, facility in East County will enable the County to offer interim housing to more people and to provide individuals with needed support to enable them to exit to permanent housing.

CONSEQUENCE OF NEGATIVE ACTION:

If the County does not purchase this property, it will lose the Homekey grant and will not be able to provide 174 rooms of interim housing to the County's homeless population.

ATTACHMENTS

Purchase & Sale Agreement

Grant Deed