



COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: May 9, 2023

TO: Board of Supervisors

FROM: **Mike Dent – Housing & Community Services**

SUBJECT: Resolution authorizing commitment of Real Property to the City of Grass Valley and Foothill House of Hospitality dba Hospitality House in furtherance of a proposed funding and development of Parcels 2 and 3 at the Brunswick Commons affordable housing project on County-owned property located at 936 Old Tunnel Rd., Grass Valley, CA (APN No. 035-400-054).

RECOMMENDATION: Approve the resolution/letter of support.

FUNDING: This is a commitment of real property owned by the County for the furtherance of Board of Supervisor goals to expand development of affordable housing. There is no impact on the General Fund and a budget amendment is not needed.

BACKGROUND: The County owns a 5.0+/- acre parcel of real property located at 936 Old Tunnel Road, Grass Valley, CA 95945, (APN No. 035-400-054), hereafter “Property.” It is the intent to retain ownership of the Property and utilize a portion of the parcel in furtherance of the development of a proposed Homekey Round 3 affordable housing project called Sierra Studios sponsored by the City of Grass Valley and Foothill House of Hospitality dba Hospitality House, a 20-40-unit affordable housing apartment complex providing supportive housing to the homeless and at risk of homeless population (“Project”). This proposed Project would be a partnership with Hospitality House, the City of Grass Valley and the County of Nevada and supports the Nevada County Board of Supervisors’ Priority to continue efforts to prevent homelessness, provide emergency shelter, expand supportive services, secure housing, and enhance coordination to address the needs of the homeless population and to mitigate impacts on the community.

In September 2018, Nevada County Health and Human Services and the County Procurement Officer solicited proposals for a Development Sponsor to apply for competitive No Place Like Home (NPLH) funds to develop a NPLH housing project, resulting in the submittal of one proposal, Hospitality House. On October 24, 2018, a review panel selected Hospitality House, and on December 11, 2018, the Nevada County Board of Supervisors approved a contract with Hospitality House for completion of eligible NPLH development activities and declared Hospitality House a Development Sponsor in furtherance of NPLH eligible development activities related to the Project.

On January 8, 2019, per Resolution 19-023, the Nevada County Board of Supervisors approved a Memorandum of Understanding (“MOU”) between the County of Nevada, Hospitality House, and the Regional Housing Authority, (Resolution 19-023) which memorialized the intent of the Parties to collaborate and work cooperatively on pre-development activities related to the construction of affordable housing, transitional housing, and a navigation center on the Property. Pursuant to the MOU, Regional Housing Authority was designated the Developer.

On January 22, 2019, per Resolution 19-044, the Nevada County Board of Supervisors approved Amendment No. 1 to the MOU (Resolution 19-044) to clarify site control over the Property for purposes of applying for NPLH funding and providing the exclusive right to negotiate with the Regional Housing Authority, as Developer, for the acquisition of the Property for purposes of constructing the NPLH affordable housing project.

The Regional Housing Authority (RHA) contracted with Pacific West Communities, Inc. (“PWC”), to be a co-Developer, operator, and manager of what is now a 41-unit apartment complex called “Brunswick Commons”. This Project is located on Parcel 1 of the property and construction was finalized in the Summer of 2022 and occupied by residents of Nevada County in September of 2022.

In furtherance of the development of the proposed property, the County was approached by Hospitality House, in partnership with the City of Grass Valley to further develop Parcels 2 and 3 of the property with the Sierra Studios project as part of the State of California Homekey Round 3 Notice of Funding Availability (NOFA).

In partnership with the City of Grass Valley and County of Nevada, Foothill House of Hospitality dba Hospitality House intends to apply for the State of California Housing and Community Development (HCD) Homekey 3 Capital Grant. The City of Grass Valley will be the applicant and Hospitality House is the co-applicant. The proposed project includes 20-40 studio apartments for people experiencing chronic homelessness on Parcels 2 and 3 of the aforementioned property owned by the County of Nevada. The County of Nevada is being asked to provide a Letter of Intent to provide the application a ground lease for Parcels 2 and 3 upon execution of a successful application. The County of Nevada also understands an Affordability Covenant will need to be in place for no less than 55 years upon final completion of the project. Use of the Parcels 2 and 3 will be memorialized in a long-term, low cost, lease from the County to Hospitality House that will be negotiated at a later date upon successful award of the grant funds.

The Project’s program model provided by Hospitality House will provide 24/7 on-site monitoring through a live-in property manager. Hospitality House will also provide wrap-around

case management services by having a full-time case manager for the tenants living on site. Case management services include but are not limited to referrals to partner agencies for behavioral health, medical needs and job training and placement. Direct services provided by Hospitality House include transportation, housing navigation and tenancy, food donations from Interfaith Food Ministry (IFM) and community engagement activities.

The design team for the Project includes Wallis Design Studio Architects, Volumetric Building Company, Optimum Modular Solutions and True Management Services. Hospitality House intends to use modular construction due to the time restraints surrounding the Homekey 3 Grant Program. Homekey 3 requires upon successful application the proposed project to take no longer than 15 months from the date of award to full occupancy. Modular design results in less project time, cost savings, less construction waste, less construction noise, and proven quality.

Due to AB140 passed by the California State Legislator on July 15, 2021 capital building projects for people experiencing homelessness are exempt from the California Environmental Quality Act (CEQA) and National Environmental Protection Act (NEPA) until July 1, 2024. The City of Grass Valley will be the lead approving agency on this project and the County's role is limited to that of property owner with appropriate Affordability Covenants and lessee agreements to Hospitality House.

The Homekey 3 Grant Program application is funded on a first come first serve process and the application portal will open on April 24, 2023. The State of California has a Balance of State or Rural Set Aside amount of \$20 million. It is important that this process moves quickly while providing any information necessary to the partners, contractors, manufacturers, and consultants with a current interest in the project. HCD requires that the City of Grass Valley as the applicant and Hospitality House as the co-applicant provide a Board Resolution approving the project.

Item Initiated and Approved by: Mike Dent, Director – Housing and Community Services