



COUNTY OF NEVADA HEALTH & HUMAN SERVICES AGENCY

950 Maidu Ave.
Nevada City, California
95959

HHSA Agency Director
Michael Heggarty

Telephone (530) 265-1627
Fax (530) 265-2295

Department Directors
Phebe Bell, Behavioral Health
Jill Blake, MPA, Public Health
Mike Dent, MPA, Child Support Services/Collections and
Housing & Community Services
Tex Ritter, JD, Social Services

NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: June 25, 2019

TO: Board of Supervisors

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

SUBJECT: Resolution authorizing an “OPTION TO GROUND LEASE AGREEMENT” by and between the County of Nevada, and jointly the Regional Housing Authority and Pacific West Communities, Inc., pertaining to County-owned property located at 936 Old Tunnel Rd., Grass Valley, CA (APN No. 035-400-054), designated as the location of the proposed Brunswick Commons affordable housing project.

RECOMMENDATION: Approve the execution of the “OPTION TO GROUND LEASE AGREEMENT” by and between the County of Nevada, and jointly the Regional Housing Authority and Pacific West Communities, Inc., in furtherance of the proposed Brunswick Commons affordable housing project, and authorize the Chair of the Board to sign said agreement and all other related documents necessary to carry out the Option to Ground Lease.

FUNDING: There is no impact on the General Fund.

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 affordable housing project, a 41-unit affordable apartment complex providing supportive housing to the homeless and the mentally ill, referred to as “Brunswick Commons” (“Project”). This proposed Project supports the Nevada County Board of Supervisors’ “A” Priority to established affordable housing in an effort to reduce homelessness.

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 19-203, 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) has contracted with Pacific West Communities, Inc. (“PWC”) to be a co-Developer, operator, and manager of the Project. RHA & PWC intend to develop the Property utilizing 9% Low Income Housing Tax Credits and other funding sources in addition to NPLH, and desires to enter into an exclusive Option to Ground Lease Agreement (the “Option”) in order to apply for said funding and perform pre-development activities related to the Project.

In furtherance of the development of the proposed Project, the County is willing to grant RHA & PWC the exclusive Option for a long-term Ground Lease of up to 99 years for 2.32+/- acres of the Property to both construct and operate the Project, subject to the terms and conditions contained in the Attached Ground Lease Agreement. Additionally, RHA’s and PWC’s exercise of the Option to Ground Lease is conditioned upon the terms of the Option, including their compliance with applicable statutory and regulatory requirements applicable to this Project, and successfully securing the balance of needed funding. If RHA and PWC do not exercise their right to exercise the Option to Ground Lease on or before June 30, 2020, the Option will expire unless extended at the County’s discretion for a period not to exceed one year.

Please contact me if any additional information is required.

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