



COUNTY OF DEL NORTE
DEPARTMENT OF HEALTH AND HUMAN SERVICES

880 Northcrest Drive
Crescent City, California 95531

Phone
(707) 464-3191

Heather Snow, Director

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(707) 465-1783

BOARD REPORT

DATE: October 6, 2020

AGENDA DATE: October 13, 2020

TO: DEL NORTE COUNTY BOARD OF SUPERVISORS

ORIGINATING DEPARTMENT: Heather Snow, Director
Health and Human Services

SUBJECT: Resolution Approving the Purchase of Real Property

RECOMMENDATION FOR BOARD ACTION:

Approve and authorize the Chair to sign this Resolution authorizing the Chair to enter into the purchase and sale agreement, and authorizes the Director of Health and Human Services to take all actions necessary to acquire the property located at 665 L. Street Crescent City, CA 95531, not to exceed \$1,900,000, as requested by the Director of Health and Human Services.

DISCUSSION/SUMMARY:

The Homekey Program is a state funded grant intended to provide affordable long-term housing for individuals who are experiencing homelessness, or at risk of becoming homeless. The Del Norte County Department of Health and Human Services (DHHS) applied for this highly competitive grant, and on September 28, 2020 Governor Newsom announced that DHHS was awarded \$2.4 million for this project. This resolution will authorize the Del Norte County Board of Supervisors Chair to enter into a purchase and sale agreement with Coastal Inn and Suites to purchase this real property, and authorize Heather Snow, Director of DHHS to take any action necessary to acquire the property.

The purchase of the Coastal Inn and Suites is not to exceed \$1,900,000, and the remaining funds are set to cover two-years of operating costs associated with the project.

ALTERNATIVES:

Not approve this resolution.

FINANCING:

Funding received from the Homekey grant, no county general funds required.

CHILDREN'S IMPACT STATEMENT:

This action meets all five of the outcome measures for children in Del Norte County: 1) Children ready for and succeeding in school; 2) Children and youth are healthy and preparing for adulthood; 3) Families are economically self-sufficient; 4) Families are safe, stable and nurturing; and 5) Communities are safe and provide a high quality of life.

OTHER AGENCY INVOLVEMENT:

None.

SIGNATURES REQUIRED:

Chair, Board of Supervisors; Clerk of the Board

ADMINISTRATIVE SIGN-OFF:

AUDITOR:

COUNTY ADMINISTRATIVE OFFICER: Jay Sarina; YES

COUNTY COUNSEL: Joel Campbell-Blair; YES

PERSONNEL:

OTHER DEPARTMENT:

**BOARD OF SUPERVISORS
COUNTY OF DEL NORTE
STATE OF CALIFORNIA**

RESOLUTION NO. _____

**A RESOLUTION APPROVING THE PURCHASE OF REAL PROPERTY LOCATED
AT 665 L. STREET CRESCENT CITY AND AUTHORIZING THE DIRECTOR OF
HEALTH AND HUMAN SERVICES TO TAKE ALL ACTIONS NECESSARY TO
ACQUIRE THE PROPERTY**

WHEREAS, On June 29, 2020, the Governor signed Assembly Bill No. 83, adding section 50675.1.1 and 50675.1.2 to the Health and Safety Code, which provide the statutory basis for the Homekey Program; and

WHEREAS, The Homekey Program is a state grant program intended to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, as defined in Part 578.3 of Title 24 of the Code of Federal Regulations, and who are impacted by the COVID-19 pandemic; and

WHEREAS, One of the permissible uses of Homekey Program funds is the conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel. The County of Del Norte applied for and has been granted \$2.4 million in Homekey Program funding to purchase a hotel and convert it to affordable, long term housing ("the Project"). The housing will be restricted to affordable housing, as defined in Health and Safety Code §50079.5, for a period of not less than 55 years; and

WHEREAS, Since at least the 2015-2016 fiscal year, the Del Norte County Department of Health and Human Services has been renting rooms at the hotel known as the Coastal Inn & Suites, located at 665 L. Street, Crescent City, on behalf of clients with a wide variety of needs; and

WHEREAS, the County's reliance on the hotel for housing has been dramatically increasing over the years, from \$23,435.70 spent at the hotel in fiscal year 2015-2016, to \$241,456.60 in 2019-2020. Since May 4, 2020, the County has been occupying the entire hotel to house those experiencing homelessness during the pandemic, and has spent \$222,788.50 so far this fiscal year. Overall, since 20015-2016, the County has spent \$1,043,537.39 at the Coastal Inn & Suites; and

WHEREAS, the Coastal Inn & Suites is an ideal location for permanent low-income housing because it has 30 rooms, is located within convenient walking distance of County Mental Health, the Department of Health and Human Services, the Workforce Center, and many other services, and the clients the County plans to house are already housed by the County at the Coastal Inn & Suites; and

WHEREAS, The County applied for the Homekey grant specifically to purchase the Coastal Inn & Suites. Without a project-ready hotel the County would not have been awarded

funds. The owner of the Coastal Inn & Suites and the County have agreed to a purchase price of \$1,900,000, which is supported by an independent appraisal. The remaining funds are a two-year operating subsidy; and

WHEREAS, the purchase and conversion of the hotel to permanent housing is exempt from review under the California Environmental Quality Act for the following reasons:

1. The Project is categorically exempt under 14 CCR 15061(b)(3) because it can be seen with certainty that there is no possibility the activity may have a significant effect on the environment;
2. The Project is categorically exempt under 14 CCR 15301 because the activity consists of the operation of an existing structure or facility, involving negligible or no expansion of existing or former use.
3. The Project is statutorily exempt under Health and Safety Code §50675.1.2, an exemption created specifically for the Homekey Program, which exempts projects that satisfy the following conditions, all of which are or will be satisfied by this project:
 - a. No units were acquired by eminent domain.
 - b. The units will be in decent, safe, and sanitary condition at the time of their occupancy.
 - c. The project proponent shall requires all contractors and subcontractors performing work on the project to pay prevailing wages for any rehabilitation, construction, or alterations in accordance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.
 - d. The project proponent obtains an enforceable commitment that all contractors and subcontractor performing work on the project will use a skilled and trained workforce for any rehabilitation, construction, or alterations in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of Division 2 of the Public Contract Code.
 - e. The project proponent submits to the lead agency a letter of support from a county, city, or other local public entity for any rehabilitation, construction, or alteration work.
 - f. Any acquisition is paid for exclusively by public funds.
 - g. The project provides housing units for individuals and families who are experiencing homelessness or who are at risk of homelessness.
 - h. Long-term covenants and restrictions require the units to be restricted to persons experiencing homelessness or who are at risk of homelessness, which may include lower income, and very low income households, as defined by Section 50079.5, for no fewer than 55 years.
 - i. The project does not increase the original footprint of the project structure or structures by more than 10 percent.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Del Norte that the Chair is authorized to execute a purchase and sale agreement, and the Director of Health and Human Services is authorized to perform all tasks necessary to acquire the property for \$1,900,000, including, but not limited to, signing the certificate of acceptance

pursuant to Government Code §27281, and posting the Notice of Exemption from CEQA as required by Health and Safety Code §50675.1.2.

PASSED AND ADOPTED this _____ day of October, 2020, by the following vote:

AYES:

NOES:

ABSENT:

Gerry Hemmingsen, Chairman
Del Norte County Board of Supervisors

ATTEST:

APPROVED AS TO FORM:

Kylie Goughnour, Clerk of the Board

Joel Campbell-Blair, County Counsel

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into on _____ ("Effective Date") by and between the COUNTY OF DEL NORTE, political subdivision of the State of California ("Grantee") and JENNY YE DEPEW as Trustee for the Jenny Ye Depew Trust 2016, ("Grantor"). Grantee and Grantor are sometimes individually referred to as "Party" and collectively as "Parties."

RECITALS

WHEREAS, Grantor is the owner of certain real property located at 665 L Street, in the City of Crescent City, County of Del Norte, State of California, designated as Assessor's Parcel Number 118-160-04 ("Property"). The full legal description is attached as Exhibit A and an Assessor's Parcel map is attached as Exhibit B; and

WHEREAS, Grantee desires to acquire the Property for use as long-term affordable housing as part of California's "Project Homekey", through which Grantee would receive funds to convert the Property, currently operating as a hotel, into long-term affordable housing for people experiencing homelessness (the "Project"); and

WHEREAS, the Parties are entering into this agreement to set forth the terms and conditions of the sale to Grantee;

NOW, THEREFORE, in consideration of the foregoing facts and circumstances, the covenants, agreements representations and/or warranties contained herein, as well as other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the Parties, the Parties hereto do hereby agree as follows:

AGREEMENT

1. PURCHASE AND SALE

- a. Grantor agrees to sell, and Grantee agrees to purchase the Property subject to the terms and conditions set forth herein.
- b. The purchase price of the Property is One Million Nine Hundred Thousand Dollars (\$1,900,000) (the "Purchase Price").
- c. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether or record or not, as of the date of execution of this agreement, except for monetary liens of record, which Grantor is obligated to pay off.
- d. The Purchase Price reflects the fair market value of the Property without the presence of

contamination. If the property being acquired is found to be contaminated by the presence of Hazardous Waste which requires mitigation under federal or state law, Grantee may elect to recover its cleanup costs as allowed by law.

2. GRANTOR'S WARRANTIES, REPRESENTATIONS AND COVENANTS.

Grantor hereby warrants, represents and/or covenants to Grantee that:

- a. Grantor owns the Property in fee simple and has full power and authority to sell, transfer and/or otherwise convey the Property to Grantee and to perform its obligations pursuant to this Agreement.
- b. To the best of Grantor's knowledge, there are no actions, suits, material claims, mechanics or materialmen liens, legal proceedings or any other proceedings or claims affecting the Property or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.
- c. Grantor shall not do anything which would impair Grantor's title to any of the Property during the completion of the acquisition process contemplated in this Agreement.
- d. To the best of Grantor's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease or other agreement or instrument to which the Property may be bound.
- e. Other than as is disclosed or covered in this Agreement, there are no agreements for occupancy in effect for the Property, and no unrecorded possessory interests or unrecorded agreements that would adversely affect Grantee's use of the Property. Grantor will not enter into any agreements or undertake any obligations prior to Closing which will in any way burden, encumber or otherwise affect the Property without the prior written consent of Grantee, including, without limitation, any agreements for occupancy or use of the Property.
- f. Grantor is aware of and shall comply with its obligation under California Health and Safety Code Section 25359.7 to disclose information to Grantee regarding the environmental status of the Property. To Grantor's knowledge, the Property and any contiguous real property owned by Grantor is not in violation of any federal, state or local statute, regulation or ordinance relating to industrial hygiene or to environmental conditions on, under or about the Property, including, without limitation, soil and groundwater conditions underlying the Property which could affect the Property, including, without limitation, the Property, or its use.
- g. Until the close of escrow, Grantor shall upon learning of any fact or condition which

would cause any of Grantor's warranties and representations in this Agreement not to be true as of closing, immediately give written notice of such fact or condition to Grantee.

- h. Grantor shall maintain the Property in good condition and shall perform all of its obligations under any service contracts or other contracts affecting the Property until the Effective Date.
- i. Each of the above warranties and representations is material and is relied upon by Grantee separately and collectively. Each of the above representations and warranties shall be deemed to have been made as of the date of execution of this Agreement and shall survive the recording of the deeds for the Property.

3. POSSESSION.

Upon execution of this Agreement by Grantee and Grantor, and deposit of funds in the amount of the Purchase Price into Escrow; Grantee shall have the right of possession and use of the property at 6 p.m. on the date of the close of Escrow.

4. ITEMS INCLUDED IN SALE

The following are included in the sale price:

- a. All existing fixtures and fittings attached to the Property.
- b. All existing electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailboxes, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, and security systems/alarms.
- c. A complete inventory of all personal property of Grantor currently used in the operation of the Property as "Coastal Inn and Suites, L.L.C."
- d. Grantor warrants that all items included in the Purchase Price are owned by Grantor.
- e. Grantor shall disclose to Grantee within 7 days of the execution of this agreement any item or system included in Section 4(a-d) which is leased or subject to a lien or other encumbrance and deliver to Grantee all written materials concerning such item. Any lease which Grantee does not choose to assume, or property subject to lien which Grantee does not choose to take subject to such encumbrance shall be the financial and legal responsibility of Grantor to settle with the lessor or lien holder.

5. PROPERTY AND OTHER TAXES

Upon the date of apportionment, as defined in Revenue and Taxation Code Section 5082, the Property will become exempt from taxation. All unpaid property taxes will be paid out of escrow pursuant to Revenue and Taxation Code Section 5084. If, for any reason, taxes remain unpaid after the close of escrow, Grantor shall be solely responsible for those taxes and shall indemnify, defend and hold harmless Grantee in any action to collect or enforce those taxes.

Any and all unpaid taxes other than property taxes, including but not limited to transient occupancy taxes, arising out of the operation of the hotel prior to Grantee's purchase, are the responsibility of Grantor, and grantor shall indemnify, defend and hold Grantee harmless in any action to collect or enforce upon those taxes.

6. CONDITION OF PROPERTY; DAMAGE OR DESTRUCTION OF PROPERTY.

Grantor shall disclose, within 7 days of the execution of this agreement, all known material defects affecting the Property, including insurance claims within the past five years, and make any and all other disclosures required by law.

Grantee has 10 days to conduct investigations of the Property and, based on information discoverable during such investigation, cancel this agreement or request Grantor make repairs.

Prior to the transfer of title, should the Property or any improvements thereon be materially damaged or destroyed by fire, earthquake or other calamity without the fault of Grantee, Grantee may elect to terminate this Agreement by written notice to Grantor. Such termination shall relieve the Parties of their obligations under this Agreement. Grantee, in its sole discretion may elect to reappraise the Property and make an offer to purchase the Property.

7. PURCHASE CONTINGENT UPON GRANT FUNDING

Grantee has applied for and expects to be awarded funding from the State of California as part of Project Homekey. If Grantee is unable to secure such funding during escrow, Grantee may elect to terminate this Agreement by written notice to Grantor. Such termination shall relieve the Parties of their obligations under this Agreement. Grantee, in its sole discretion may elect to reappraise the Property and make an offer to purchase the Property.

8. PURCHASE CONTINGENT UPON APPRAISAL

Grantee is a government entity with a duty to use its public money wisely. Further, paying more than fair market value for a property may be considered a gift of public funds. Therefore purchase of the property at the purchase price stated in Section 1(b) is contingent upon an independent appraisal valuing the property at or above the purchase price.

9. ESCROW INSTRUCTIONS

A fully executed copy of this Agreement shall be deposited with First American Title Corporation at 1900 Churn Creek Road, Suite 10, Redding, California 96002 ("Escrow Holder") and such de-

livery shall constitute the opening of escrow under Escrow Holder's file number 6369322 BF with respect to the sale of the Property pursuant to this Agreement. Said escrow shall be on the following terms and conditions:

- a. Prior to closing, Grantee shall cause the Purchase Price to be deposited in escrow.
- b. Grantor shall execute and deliver to Escrow Holder a Grant Deed, in a form substantially similar to that attached as Exhibit C, conveying title to the Property to Grantee. When all conditions to closing herein contained have been either satisfied or waived by the parties and so confirmed in writing, and escrow is ready to close, Escrow Holder shall cause the Grant Deed to be recorded. Escrow Holder shall also deliver to Grantee a CLTA Policy of Title Insurance showing title to the Property vested in Grantee, at Grantee's expense.
- c. Escrow Holder is instructed to segregate and pro-rate real property taxes, assessments and similar charges as of the date of apportionment pursuant to Revenue and Taxation Code Section 5082. Any and all such taxes shall be paid out of funds deposited by Grantee, prior to the close of escrow.
- d. All escrow costs and fees, the charge for the preparation of escrow documents, recording costs, the CLTA Policy of Title Insurance, and all other costs of escrow are to be paid by Grantee.
- e. Upon the satisfaction or waiver of all conditions hereto, Grantor and Grantee instruct Escrow Holder to close escrow within 30 working days of execution of this Agreement, or such earlier time as is mutually agreed in writing. Both Grantor and Grantee agree that time is of the essence in this matter and agree to take whatever steps are reasonably necessary to ensure that all conditions of this escrow are satisfied in a timely manner.
- f. Grantor's compliance with all provisions of this Agreement, and the accuracy in all material respects of each of Grantor's representations and warranties as of the closing date shall be a conditions precedent to the obligation to purchase the Property.
- g. There is no real estate, finder's fee or other commission due or payable by reason of this transaction. Grantor shall indemnify Grantee for any actions that may cause the Grantee to be liable for a real estate brokerage or sales commission arising from this transaction.
- h. For those escrow matters not specifically addressed herein, Escrow Holder's standard escrow instructions shall be applicable. Where there is a conflict between the provisions of this agreement and the provisions of Escrow Holder's standard escrow instructions, the provisions of this Agreement control.

10. GRANTEE REPRESENTATION.

Grantee makes no representation, warranty, covenant or agreement that the Project shall be

constructed or operated; and Grantor acknowledges and agrees that no obligation, liability or duty whatsoever shall exist or be incurred by Grantee or any other person or entity to Grantor or any other person or entity as a result of any failure to construct or operate the Project for any reason. The foregoing agreement of Grantor shall survive the Closing, or the termination of this Agreement by either party (whether Grantor or Grantee) for any reason, including a breach by the other party.

11. TIME OF ESSENCE.

Time is of the essence of each and every term, condition, obligation and provision of this Agreement.

12. ENTIRE AGREEMENT; WAIVER AND MODIFICATION.

This Agreement is the entire Agreement between the Parties with respect to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings, whether oral or written, between the Parties with respect to matters contained in this Agreement. Any waiver, modification, consent or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by or on behalf of the Party to be bound thereby. No waiver by any Party of any breach hereunder shall be deemed a waiver of any other or subsequent breach.

13. INDEMNIFICATION

Grantor shall defend, indemnify and hold harmless Grantee, its governing body, officers, directors, agents, employees and volunteers from and against any and all demands, claims, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from any negligence or willful misconduct of Grantor concerning the sale and purchase of the Property. The provisions of this paragraph shall survive the close of escrow.

14. COUNTERPARTS; COPIES.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. Except as required for recordation, the parties as well as Escrow Holder and Title Company shall accept copies of signatures, including, without limitation, electronically transmitted (for example, by e-mail, facsimile, PDF or otherwise) signatures.

15. CAPTIONS.

Any captions to, or headings of, the articles, sections, subsections, paragraphs, or subparagraphs or other provisions of this Agreement are solely for the convenience of the Parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision of this Agreement.

16. NO OBLIGATIONS TO THIRD PARTIES.

Except as otherwise expressly provided in this Agreement, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the Parties to, any person or entity other than the Parties.

17. EXHIBITS.

The Exhibits attached to this Agreement are hereby incorporated into this Agreement by this reference.

18. NOTICES.

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given as of the date of mailing when delivered in person or sent by registered or certified mail (return receipt requested), postage prepaid, or Federal Express, UPS or other overnight mail carrier, addressed as follows:

To Grantor:	Jenny Depew 665 L street Crescent City, CA 95531
To Grantee:	Heather Snow, Director of Health and Human Service County of Del Norte 880 Northcrest Drive Crescent City, CA, 95531

19. GOVERNING LAW; VENUE.

This Agreement shall be construed in accordance with the laws of the State of California. Any and all legal actions brought to enforce or interpret the terms and provisions of this Agreement shall be commenced exclusively in a court of competent jurisdiction in the County of Del Norte, in the State of California.

20. GRANTEE'S ASSIGNMENT.

Grantee shall have the right, in its sole discretion, to assign this Agreement as well as its rights and remedies in, to and under the deeds to the Property, and any right or obligation herein and therein, to any party of its choice without the prior consent or approval of Grantor.

21. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon and shall inure to the benefit of the successors and as-

signs of the Parties.

22. RATIFICATION.

This Agreement is subject to the approval and ratification by the Grantee's governing body or its delegated representative.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set forth above.

“GRANTEE”

“GRANTOR”

GERRY HEMMINGSEN, CHAIR
Del Norte County Board of Supervisors

JENNY YE DEPEW, TRUSTEE
Jenny ye Depew Trust 2016

APPROVED AS TO FORM:

JOEL CAMPBELL-BLAIR
County Counsel