



## Homeless Services Facility 101 N. Franklin Street

### Fact Sheet

**Issue Date: March 5, 2015**

***WITH CORRECTION TO ITEM 2***

1. The City was awarded a 2014 Community Development Block Grant (CDBG) for \$2 million, including nearly \$1.2 million to acquire a homeless services facility.
2. A public hearing on the acquisition of the facility at 101 North Franklin Street (the former Old Coast Hotel) was held on January 12, 2015. This was not a public hearing regarding permitting for a homeless services facility at 101 North Franklin, because the proposed use for homeless and mental health services downstairs and for transitional housing upstairs is already allowable. A public hearing was required to let the public know where CDBG funds will be used and to allow the public an opportunity to comment.

**CORRECTION:** CDBG representatives informed the City that the January 12, 2015, City Council action to approve the facility location change did not require a Public Hearing because the two mandatory public hearings related to this activity had already been held. The two mandatory public hearings were the January 7, 2014, Design Phase Public Hearing and the March 24, 2014 Pre-Application Public Hearing.

3. At the January 12, 2015 public hearing, after consideration of the public comments and documentation provided by staff and due deliberations, the City Council voted to adopt a Resolution to approve the purchase of the property for use as a homeless services facility.
4. The proposal to purchase the Old Coast Hotel (OCH) was a long process, as shown by the following timeline:
  - a. The first step was in January 2014, when staff held a required "CDBG Design Phase Public Hearing" to solicit ideas from local non-profits about their needs from future CDBG Grants. There were 5 attendees (from 42 invitations plus public posting of a meeting announcement), and one of the proposed activities was from Mendocino Coast Hospitality Center (MCHC), who proposed purchase of a homeless services facility. They had been searching for a location for several months and had narrowed their search to 300 N Harrison Street.
  - b. On February 24, 2014 staff brought a list of potential 2014 grant activities that were generated from the public and from staff to City Council, to get direction as to which activities should be included in the 2014 application, which was due April 7. Council directed staff to move forward with 3 major activities including acquisition/rehab of a homeless services facility located at 300 N Harrison Street.
  - c. On March 24, 2014, the required "pre-application public hearing" was held and after a long discussion, Council adopted a Resolution approving the 3 major activities for the application, as identified on February 24, and including the Homeless Services Facility Acquisition/Rehab at 300 N Harrison Street. There were a number of comments in favor of and opposed to the location. It was noted that a use permit process would be required before this location could be finalized, but that a CDBG application could be submitted prior to full local approval. MCHC secured a purchase option with the seller as required to document CDBG "site control." It was noted at the meeting that if the site was not approved for the proposed use, the grant funds could be transferred to another comparable property.

- d. On May 13, 2014, staff was notified by MCHC that the seller of 300 N Harrison had pulled out of the Purchase Option. MCHC was agreeable because of the vocal opposition to this location that they had encountered. MCHC began a new search for an alternative, comparable property.
  - e. On October 7, 2014, the City was notified that the entire \$2M CDBG grant was awarded, including \$1,162,791 to purchase and rehab, as needed, a homeless services facility. Once the award was announced, staff was allowed to contact CDBG about the need to find a new location, and CDBG staff confirmed that this would be allowable if a comparable location was secured.
  - f. MCHC intensified its search for a location that provided comparable uses, affordability, appropriate use permits. The CDBG requirement to pay relocation costs of any tenants (residential or commercial) became a big barrier in finding an affordable property. In particular, there are very few if any affordable places to move residential tenants in Fort Bragg, and relocation costs could exceed \$30K per resident.
  - g. In November, the MCHC realtor was contacted by the owners of the OCH who proposed sale of the building to MCHC for a significantly discounted price. Ultimately MCHC was able to enter into a Purchase Option to expend \$900,000 in grant funds to acquire the property. The property is listed at \$2.9M, and owners Thomas and Nina Carine are donating the difference, a substantial gift.
  - h. The OCH has not operated as an inn, restaurant or bar for several years and has been listed for sale for several years. It has not generated Transient Occupancy Tax for 4 years, since the quarter ended 12/31/10, and no sales tax has been received for over 6 years, since QE 9/30/08.
  - i. MCHC's proposed use is permitted at 101 N Franklin Street; no use permit process is required. The location marks the southern border of the Central Business District. Mixed use, including offices downstairs and housing upstairs, is permitted per the Inland Land Use and Development Code. Again, the Public Hearing and Council Resolution were required only for CDBG; if MCHC was using another funding source, they would not be required to consult with the City.
  - j. There is one small non-profit tenant, and relocation issues and costs are minimal.
  - k. MCHC proposes to provide homeless and mental health counseling; the Wellness Center, which provides classes and activities; case management, and MCHC administrative offices.
  - l. MCHC will co-locate with the mental health Access Center, operated by Ortner Management Group, which provides assessment and crisis services.
  - m. Upstairs, MCHC will provide at least 5 units of transitional housing for qualifying individuals or families. These units will bring the City's Transitional Housing units up to 20 units, still well below the 33 available before Ukiah Community Center left Fort Bragg.
  - n. Transitional Housing is not emergency housing. Transitional Housing clients are strictly defined and must be disabled or have a child to qualify; and must be clean and sober.
  - o. The Hospitality House emergency shelter operated on North McPherson Street will not move to the OCH.
  - p. MCHC is not expanding its services in moving to the OCH; it is consolidating homeless and mental health services while increasing the City's limited supply of transitional housing units.
5. MCHC does not propose to make any changes to the exterior and very few, mostly minor changes to the interior of the OCH.
  6. As part of Special Conditions of the grant, City staff will submit the signed Resolution along with environmental and State Historical Society clearance documents and a letter explaining the change of address. Once all Special Conditions are approved by CDBG, the transaction can enter into escrow.

Questions about the CDBG process for this grant activity can be directed to Housing & Economic Development Coordinator Jennifer Owen, 707.961.2827 ext. 109, [jowen@fortbragg.com](mailto:jowen@fortbragg.com)