



CITY OF FORT BRAGG

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COUNCIL COMMITTEE ITEM SUMMARY REPORT

MEETING DATE: March 28, 2017
TO: Community Development Committee
FROM: Jennifer Owen, Special Projects Manager
AGENDA ITEM TITLE: Receive Report and Provide Direction Regarding Request for Use of Housing Trust Funds for Parents & Friends, Inc. Housing Feasibility Study Update

ISSUE:

Parents and Friends, Inc. (PFI) is a Fort Bragg non-profit organization that provides a variety of services to developmentally-challenged adults. In June 2011, the Fort Bragg Redevelopment Agency (RDA) authorized use of up to \$25,000 in RDA Housing Set Aside Funds for a feasibility analysis for a mixed use project to include commercial retail and residential units on PFI's property at 350 Cypress Street. In October 2012, the study was completed by Schlosser, Newberger Architects. After the study was completed, PFI determined that its funding agencies would not allow them to act as landlord to clients for whom they provide services, so the project was set aside.

Recently, PFI submitted a request to City staff for \$8,275 from the City's Housing Trust Funds to revise the prior study on order to develop a smaller project on their Cypress Street property. The new project would also be mixed use (offices and residential). PFI would qualify for operations funding from the California Department of Developmental Services as a service provider, eliminating the prohibited landlord/tenant client relationship. PFI would need to seek other funding to construct the project.

PFI's current proposal and budget is included as Attachment 1. Staff seeks direction from the Community Development Committee regarding use of Housing Set Aside Funds for this activity. If Committee members recommend use of Housing Trust Funds for the study, staff will seek Council's approval on an up-coming agenda.

SUMMARY:

Until late 2005, PFI operated a residential facility at 331 N. Harrison Street (current location of the Mendocino Coast Hospitality Center Transitional Housing facility). When PFI's transitional housing funding was eliminated, PFI had to sell the Harrison Street House and secure other housing for its adult clients. Since then, PFI has been seeking a way to provide affordable housing for its clients and also to improve office and activity centers at PFI's Cypress Street property.

The study completed in October 2012 with City RDA Housing Set Aside funds provided three options for construction at PFI's Cypress Street property. The main October 2012 study was followed in December 2012 by an addendum that focused on a preferred "moderate density" option that would have provided up to 10 residential units (12 bedrooms total), PFI offices, a coffee shop, and a "green" dry cleaning shop in a new building of approximately 11,000 square feet, and well as accessibility and other upgrades to their existing Cypress Street offices. The December 2012 Addendum is included as Attachment 2.

The main study also included the following background reports, some of which may be relevant to a revised study:

- Site survey prepared by I.L. Welty and Associates;
- Biological Assessment prepared by North Coast Resource Management;
- Geology Report prepared by SHN Engineers;
- Archeology Report prepared by North Coast Resource Management.

After the 2012 studies were completed, PFI learned that their funding agencies would not allow them to act both as service provider and landlord to their clients, so they have not pursued development. In addition, since 2012, PFI has leased the eastern side of its property to Mendocino Coast Pharmacy, so space available for additional development is more limited than it was in the prior study period.

At this time, PFI states in their attached proposal that they have secured funding from the California Department of Developmental Services that will pay PFI to act in a "service provider/participant" relationship to replace the "landlord/tenant" relationship assumed in their 2012 proposal. This funding stream will allow PFI to sustainably operate housing for its clients.

PFI's current proposal is to demolish the current garden area and existing structures including the Cypress Street House and an outbuilding located behind (south) of the house in order to construct two 4-bedroom, two-plus bathroom, single level homes plus 6,000 square feet of office space. PFI has received a study cost estimate of \$8,275 from Schlosser, Newberger.

Once PFI has a completed study, they will be well positioned in terms of "readiness" to seek grant funding from CDBG, USDA or other available mixed-use housing funding sources.

After the City's Redevelopment Agency was eliminated, the City retained Housing Trust Funds that may be used for housing-related expenditures as approved by City Council. For example, since elimination of the RDA, Housing Trust Funds were approved in 2014 to provide a mix of grant and loan funds for City fees to Habitat for Humanity as they build their McPherson Street duplexes for low-income families. As of March 2017, there was \$84,871 unreserved fund balance in Fund 117 per the general ledger. Once these fully expended, they will not be replenished.

PFI Executive Director Rick Moon will be present at the meeting to answer questions and provide more information. If the CDC recommends funding the PFI proposal, staff will prepare a report for City Council at their next available regular meeting to seek direction and request action on the funding request.

RECOMMENDATION:

Provide direction as to whether the PFI request for \$8,275 from Housing Trust Funds should be recommended for funding.

ATTACHMENTS:

1. PFI proposal and related budget.
2. December 2012 Addendum to Feasibility Study for Mixed Use Development for Parents and Friends, Inc.