

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency	(2) MEETING DATE 4/1/2014	(3) CONTACT/PHONE Machelle Vieux, Deputy Director General Services/ 781-5200	
(4) SUBJECT Submittal of a Resolution approving an Option to Purchase Real Estate and Easements and Memorandum of Option with Transitions Mental Health Association (TMHA) to develop a residential care facility for persons with mental disabilities at the former County juvenile hall known as Sunny Acres, 1600 Bishop Street in San Luis Obispo. District 3.			
(5) RECOMMENDED ACTION It is recommended that the Board: <ol style="list-style-type: none"> 1. Approve the resolution authorizing the donation of county owned real property in the City of San Luis Obispo to Transitions Mental Health Association (TMHA) to develop a residential care facility for persons with mental disabilities. 2. Approve the Option to Purchase Real Estate and Easements, and the Memorandum of Option 3. Direct the Clerk of the Board to record the Memorandum of Option 4. Authorize the County Real Property Manager to sign permit applications and other documents related to TMHA's development process. 			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ___) <input type="checkbox"/> Board Business (Time Est. ___)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: n/a <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>Nov. 9, 2010</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Emily Jackson			
(18) SUPERVISOR DISTRICT(S) District 3-			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency
Machelle Vieux, Deputy Director General Services, 781-5200

DATE: 4/1/2014

SUBJECT: Submittal of a Resolution approving an Option to Purchase Real Estate and Easements and Memorandum of Option with Transitions Mental Health Association (TMHA) to develop a residential care facility for persons with mental disabilities at the former County juvenile hall known as Sunny Acres, 1600 Bishop Street in San Luis Obispo. District 3.

RECOMMENDATION

It is recommended that the Board:

1. Approve the resolution authorizing the donation of county owned real property in the City of San Luis Obispo to Transitions Mental Health Association (TMHA) to develop a residential care facility for persons with mental disabilities.
2. Approve the Option to Purchase Real Estate and Easements and the Memorandum of Option
3. Direct the Clerk of the Board to record the Memorandum of Option
4. Authorize the County Real Property Manager to sign permit applications and other documents related to TMHA's development process.

DISCUSSION

The County owns a vacant building located at 1600 Bishop Street in San Luis Obispo, uphill from the County's Health Campus at 2180 Johnson Avenue (see Location Map, Attachment 1). The facility was constructed by the County in 1932 to be used originally as an orphanage, and was named "Sunny Acres" (not to be confused with another "Sunny Acres" on Los Osos Valley Road that is privately owned). The property is located within San Luis Obispo city limits and is currently zoned Conservation/Open Space- 40 (C/OS-40). It is located adjacent to other County vacant land zoned R-1.

The brick Sunny Acres building was designed by William Mooser, whose firm also designed the Santa Barbara County Courthouse and Ghirardelli Square in San Francisco (see Exterior Photo, Attachment 2). In the 1940's, the County converted the building into a juvenile detention facility, which was eventually closed in 1974. The structure is currently in a state of severe disrepair. Although there have been several attempts to renovate the building for public purposes, all such endeavors have failed. The cost to rehabilitate the building for any public use while maintaining its historic character, considering the extensive public facility earthquake retrofitting and asbestos removal that would be required, has proven financially unfeasible. The building is not on the city's Master List of Historic Resources, although the City's Cultural Heritage Committee has determined that the building would qualify for the list and community residents have expressed their desire that the structure be preserved.

On November 9, 2010, the General Services Agency received direction from the Board to start the process to surplus and sell the Sunny Acres building on a 0.75-acre lot for residential development, subject to the preservation of the exterior of the building. On August 16, 2011, the San Luis Obispo City Council approved a determination of general plan conformity for development of up to three residential units within the building, adding that development of a residential care facility would also conform to the general plan.

In December 2011, Transitions Mental Health Association (“TMHA”) submitted a proposal to the County to develop the Sunny Acres building into a residential care facility for their clients. TMHA is a 501-(c)(3) nonprofit corporation that is dedicated to eliminating stigma and promoting recovery and wellness for people with mental illness through work, housing, community, and family support services. TMHA’s vision for the property has evolved into the current proposal to preserve the exterior of the Sunny Acres building and remodel the interior into approximately 13 studio units and a community room. Additionally, TMHA proposes to build up to three additional buildings for up to 22 additional studio units, totaling a maximum of 35 units (see Site Plan, Attachment 3). The additional buildings are needed in order to make the proposal financially feasible.

The project will require a total lot size of approximately 1.32 acres, of which approximately 0.6 acres will be located in the C/OS-40 zone and approximately 0.72 acres in the R-1 zone. The construction of the additional buildings is proposed in the R-1 zone because it would not conform to the City’s general plan if additional residential units were constructed in the C/OS-40 zone. On July 11, 2012, the City of San Luis Obispo Planning Commission adopted Resolution PC-5576-12 declaring that the development is consistent with the City’s General Plan and that the project is categorically exempt from the California Environmental Quality Act per Section 15262.

The TMHA proposal is in the form of an Option to Purchase Real Estate and Easements (see Attachment 4), with the basic deal points summarized as follows:

1. Property to be developed as affordable housing for low-income mentally disabled clients of TMHA.
2. TMHA may construct up to 3 buildings, in addition to remodeling the Sunny Acres building, and may construct up to 35 units total on the property.
3. Lot will be approximately 1.32 acres, of which 0.6 acres is in the C/OS-40 zone, and 0.72 acres is in the R-1 zone. A minor subdivision shall be processed by TMHA through the City of San Luis Obispo and the design of the project must be approved by the City’s Architectural Review Committee.
4. TMHA will restore and preserve the exterior of the Sunny Acres building for a period of no less than 50 years.
5. TMHA will have five years to exercise the option and then three years to complete at least the Sunny Acres portion of the project. TMHA must provide evidence of adequate funding to complete the project prior to exercising their option to purchase.
6. TMHA will pay the County \$1,000 for the Option and an additional \$100 upon delivery of the Grant Deed.
7. An access and utilities easement will go through County Probation’s parking lot, with TMHA constructing additional parking. Electrical easement to be in a separate location, south of the Sunny Acres building.
8. Access and utility easement may be relocated by the County at the County’s cost (or future landowner’s cost). The access easement is non-exclusive and may be used to benefit future development of the County’s surrounding property.
9. An on-site manager will either live on the property or will work full time on the property, but will not be required to be on site 24-hours.
10. During the option period, TMHA will provide general liability insurance, fence the property, secure the building from trespass, and perform weed abatement.

A Memorandum of Option (Attachment 5) will be recorded that summarizes the Option agreement. TMHA intends to pursue competitive State tax credits, HOME funds, inclusionary housing funds, any available Mental Health Services Act funding, and local fundraising. The County will provide a deed to the property only after TMHA provides evidence that they have obtained sufficient funding to complete the renovation of the Sunny Acres building, at the minimum.

TMHA has proven its ability to construct affordable housing for its clients as evidenced by their Nipomo Avenue project that opened in November 2013 in San Luis Obispo. The project preserved a beautiful old home and added an attractive, compatible new building adjacent to the home to provide a total of eight studio units, offices, and a community room. The County is in need of additional affordable housing opportunities for those with mental disabilities in our communities, and TMHA’s Sunny Acres proposal helps to address that need. Section 25372 of the California Government Code allows the Board to donate real property to 501-(c)(3) organizations such as TMHA that are organized to provide health or human services.

OTHER AGENCY INVOLVEMENT/IMPACT

The City of San Luis Obispo Planning Commission approved the determination of General Plan Conformity and the CEQA determination on July 11, 2012. The City’s Architectural Review Committee will be reviewing future design plans. County

Counsel has approved the Option to Purchase Real Estate and Easements and the Memorandum of Option as to form and legal effect.

FINANCIAL CONSIDERATIONS

The value of the land, if it were vacant, is estimated at slightly more than \$1,000,000. The requirement to preserve the exterior of the Sunny Acres building, however, significantly reduces the value of the land due to the earthquake retrofitting, asbestos removal, and design constraints. Although no cost estimate for the added renovation costs with respect to TMHA's project is available, an analysis done ten years ago for a proposed public school building showed the costs to remodel the building and preserve the exterior would exceed the cost of new construction by approximately \$1,000,000.

The location of access to Sunny Acres through Probation's parking lot may result in vehicular circulation or safety issues that will be difficult to evaluate until TMHA's project is constructed and fully occupied. If Probation's parking lot needs to be re-designed to address the impacts, the project could cost the County up to \$150,000. The City of San Luis Obispo has provided a preliminary determination that access to Sunny Acres can be designed as a private driveway and that circulation through Probation's parking lot should be adequate.

RESULTS

Approval of the Option will secure the property for TMHA for up to five years, providing them the opportunity to begin their applications for all sources of funding, including local fundraising. If the funding campaign is successful, the County will deed the property to TMHA, which will result in up to 35 affordable studio units for mentally disabled county residents. This action will contribute to the County's community-wide result of a healthy community.

ATTACHMENTS

1. Location Map
2. Exterior Photo
3. Site Plan
4. Option to Purchase Real Estate and Easements
5. Memorandum of Option
6. Resolution