



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:** FEBRUARY 21, 2023

**DEPARTMENT:** COMMUNITY DEVELOPMENT DEPARTMENT

**FROM:** MEGAN HUNTER, DIRECTOR

**THROUGH:** ROD POWELL, PLANNING MANAGER

**BY:** MICHAEL GOMEZ, ECONOMIC DEVELOPMENT ANALYST

**TITLE:** RESOLUTION AUTHORIZING PREPARATION AND EXECUTION OF NECESSARY AGREEMENTS TO FACILITATE PURCHASE OF 817 BAUTISTA DRIVE BY BAY AREA COMMUNITY SERVICES (BACS)

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the City Manager or designee to prepare and execute all required agreements and related documents to facilitate the purchase of 817 Bautista Drive by Bay Area Community Services (BACS) including transfer of grant funds and execution of an affordability covenant on title.

EXECUTIVE SUMMARY:

On April 26, 2022, City Council approved a Resolution to allow the submission and acceptance of a grant to the California Interagency Council on Homelessness (Cal ICH) for the Family Homelessness Challenge Grant in partnership with BACS. On June 24, 2022, the City of Salinas was awarded \$2.6 million. The grant funded program known as the Salinas Project Reclamation for Families was specifically developed to create affordable, permanent housing options for families experiencing homelessness by purchasing single-family homes, optimized through new ADUs, and integrated with the overall system of care. This model was derived from BACS' experience with similar scattered site models but tailored to the many hard-to-place families staying at the SHARE Center. Consistent with the grant requirements, BACS will own and operate these homes and the City will fund and monitor the program. 817 Bautista Drive will be the first property purchased for this program.

BACKGROUND:

Family homelessness is a serious ongoing problem in the City of Salinas and throughout Monterey County. Aside from the most recent 2019 Homeless Point in Time Count that identified 1,182 persons as unhoused in the City of Salinas, data collected by local school districts in 2019 also found more than 40 percent of elementary school-aged children in Salinas may be homeless. In

mid-2021, the City and County of Monterey celebrated the opening of the SHARE Center, which provides 100 shelter beds and robust housing navigation and placement services. From its inception, the SHARE Center has diligently worked to serve and place families in permanent housing. Despite this work, the City's stock of affordable housing remains extremely limited, making placement difficult. Currently the SHARE Center has a waiting list of over 300 families.

To address this challenge, the City applied for the Cal ICH Family Homelessness Challenge Grant, applying for \$5.4 million of the total \$15 million available. On June 24, 2022, the City was awarded \$2.6 million for round 1, but will be eligible for another \$2.6 million with successful implementation during round 2. The City's primary partner in implementing this grant is BACS because of their 40 years' experience in operating a scattered site housing approach with coordinated case management services. Grant funding also enabled the City to hire a limited term Community Development Analyst focused on working with homeless families.

### DISCUSSION:

Initially, staff contemplated purchasing properties and then deeding them to BACS. However, this process could trigger the requirements of the Surplus Land Act and create additional processes that would delay making properties available for families. In addition, staff reviewed the original grant application, which specified that the homes would be owned and operated by BACS. The standard agreement stipulates that any deviations from our grant application would have to be reviewed and approved by Cal ICH again needlessly delaying the program. Moreover, BACS is an experienced and capable property manager with this specific population and has greater capacity than the City to oversee this program model.

To jumpstart this effort, staff have been actively searching for homes utilizing the Multiple Listing Service (MLS) and other online real estate websites to find vacant homes that had enough property to allow for the development of an Accessory Dwelling Unit (ADU). On January 10<sup>th</sup> during closed session, staff presented a list of seven (7) properties for potential acquisition. Of these, five are no longer available, having accepted offers from other buyers. 817 Bautista Drive was one of the properties on the original list.

Staff contacted the agent representing the owner of 817 Bautista Drive (Assessor's Parcel Number 002-554-005-000; the "Property"), which has been on the market since November 3, 2022, with a sale price of six hundred and seventy-five thousand dollars (\$675,000) and is being sold "as-is". The Property is a single-family residence with approximately 1,301 square feet of living space on an approximately 6,000 square foot lot in average condition. This property has potential to allow for the addition of an ADU due to its large sized lot.

The City has conducted initial due diligence work including reviewing the Preliminary Title Report and coordinating an appraisal report and a full property condition assessment report that will be provided to BACS. We will be closely coordinating on the acquisition of 817 Bautista Drive including releasing grant funds into an escrow account and ensuring an affordability covenant for 30 years is placed on title. Staff is also closely coordinating with BACS on identifying other properties that are in relatively good condition, are large enough to fit an ADU, are close to services and schools, and are not concentrated within a single neighborhood.

Although City Council action on April 26, 2022 did authorize the City Manager to execute agreements to implement the grant and perhaps this action would qualify, to ensure greater transparency, staff is bringing the related resolution forward for approval.

CEQA CONSIDERATION:

The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

The proposed action supports the City of Salinas Strategic Plan 2023-2025 goal of Housing/Affordable Housing by increasing local affordable housing stock and providing a stable, long-term housing opportunity for an unhoused family. Once the ADU is built, another unhoused family will be served.

DEPARTMENTAL COORDINATION:

CDD's Economic Development Division continues to coordinate with both the Housing and Permit Services Divisions of the Department in identifying and vetting viable properties. Additional consultation in regard to the preparation of this staff report and resolution also occurred with the City Attorney. As mentioned earlier in the report, the City is closely working with BACS on implementation.

FISCAL AND SUSTAINABILITY IMPACT:

The Source of the funds for the acquisition of the Property will come from the Family Homeless Challenge fund. BACS will further negotiate with the realtor and based on the appraisal and property's condition, further reduction in the price is possible.

ATTACHMENTS:

Resolution  
Family Homeless Grant Standard Agreement  
Salinas Project Reclamation for Families Work Plan  
817 Bautista Drive Property Report  
817 Bautista Drive Aerial Photo and Map