



REPORT TO THE CITY COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY

AGENDA ITEM NO. 2. a

**STUDY
SESSION**

**TO THE HONORABLE MAYOR AND CITY COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY (LRA):**

DATE: November 24, 2008

**SUBJECT: UPDATE ON NEGOTIATIONS WITH HOMELESS SERVICES PROVIDERS AND
PREPARATION OF APPLICATION TO HUD FOR APPROVAL OF HOMELESS
ASSISTANCE PLAN PERTAINING TO CONCORD NAVAL WEAPONS STATION**

Report in Brief

The City Council sitting as the Local Reuse Authority (LRA) is required by the federal Base Realignment and Closure Act (BRAC) to undertake a process for addressing the needs of the homeless in connection with planning for civilian reuse of the Concord Naval Weapons Station (CNWS). Key elements of this process include assessing homeless needs, soliciting and evaluating proposals from homeless services providers to meet identified needs, and ultimately developing a homeless assistance plan to be submitted for HUD approval. The LRA has the authority and responsibility to balance homeless needs against the community and economic development goals reflected in the Reuse Plan.

Staff is seeking the Council's policy guidance to assist the ongoing discussions with the Contra Costa Countywide Homeless Base Conversion Collaborative (Homeless Collaborative). After circulation of a draft HUD application for public review and comment, a proposed homeless assistance plan will be brought forward for Council consideration in conjunction with designation of a preferred Reuse Alternative at a public hearing on January 12, 2009 in order to remain on schedule for submittal of the HUD application by January 31, 2009.

Background

In April 2007, the LRA completed an assessment of homeless needs, services and trends in the vicinity of the CNWS. Pursuant to requirements specified in the BRAC law and implementing federal regulations, on March 30, 2007 the LRA published a formal notice of the availability of surplus land and buildings at the CNWS to homeless services providers or public benefit recipients. This notice was followed by public workshops and tours of the CNWS property on April 27, 2007 and May 1, 2007. The LRA allowed the maximum 180-day time period for solicitation of letters of interest and received nine proposals by the September 26, 2007 deadline. (These proposals are summarized in Table 1.) The nine proposers have signed a memorandum of agreement that organizes them into a single Homeless Collaborative for purposes of working with the LRA and HUD, although there is some question whether ANKA Behavioral Health, Inc., an employment training program provider, intends to pursue a separate proposal. On November 6, 2007, LRA staff presented an update to the City Council regarding the letters of interest which had been received.

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Homeless services providers participated in presentations and a question and answer session before the Community Advisory Committee on November 20, 2007. Since January 2008, staff has been engaged in discussions with a small representative team from the Collaborative to define the proposed actions for satisfying the needs of the homeless and develop Legally Binding Agreements (LBA's) to implement those actions.

It should be noted that although the LRA issued a combined notice of availability of property for both homeless and public benefit uses, there are two distinct and separate actions under consideration. First, the LRA must identify the needs of the homeless and prepare a HUD application which balances those needs against other local goals for the CNWS property. Second, the LRA must solicit and evaluate proposals from nonprofits and public agencies who seek to obtain surplus federal land through Public Benefit Conveyances (PBC's). Entities seeking land or facilities for public benefit must have a federal agency sponsor their PBC request and must comply with restrictions on the uses to which the land may be devoted. The LRA may consider the proposed public benefit uses and provide for those uses in the Reuse Plan to the extent considered appropriate. However, the LRA is under no obligation to accommodate non-homeless land uses or to recommend that property be conveyed at less than fair market value through a PBC. After considering input from the LRA, the U.S. Navy will make the final decision whether or not to allow the transfer of any land or facilities through a PBC. Staff plans to bring recommendations on potential PBC's to the City Council in late Spring of 2009 as part of overall recommendations on a property disposition strategy; however, those issues are not part of this study session. There are numerous other actions which will have to be taken before the Navy can actually dispose of the CNWS property, including completion of an EIS on its disposition plan and obtaining approvals from environmental agencies with regulatory authority over cleanup of toxic contaminants and protection of sensitive species and habitats.

The HUD application must include two basic items: (1) a Reuse Plan, and (2) a Homeless Assistance Submission, as well as a summary of public comments received on both items. The Homeless Assistance Submission, in turn, consists of five components: (a) the homeless needs assessment, (b) information about the notices of interest received from homeless services providers, (c) Legally Binding Agreements with specified contents reflecting the product of negotiations with the providers, (d) a discussion of how the Reuse Plan balances the City's need for economic development and other types of development against the need for homeless assistance, and (e) a summary of outreach efforts made to homeless services providers. The LRA must make the draft HUD application available for public review and comment and also conduct at least one public hearing on the application before submitting it to HUD. Staff plans to circulate a draft HUD application as soon as feasible after this study session and to schedule the public hearing for January 12, 2009.

As mentioned above, the LRA conducted a thorough assessment of homeless needs in the study area, in accordance with guidance from HUD and the County Continuum of Care. The study area was defined to include the City of Concord, the neighboring cities of Walnut Creek, Pleasant Hill, Martinez, Pittsburg, and Clayton, and adjoining areas of unincorporated Contra Costa County. A requirement of the Homeless Assistance Submission to HUD is a description of the community's unmet homeless needs and a discussion of how the homeless assistance plan meets a portion of the need. The Assessment provides information on the homeless population in the vicinity of the installation, current levels of service, unmet needs, and national and local trends in strategies to address homelessness. It reports an estimated point-in-time homeless population

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in the City of Concord of between 591 and 874 individuals, and estimates there are between 1,421 and 1,788 homeless persons in the cities and unincorporated regions within the study area. The total homeless population in the County reported by the County's 2007 homeless count was 4,157. The Assessment reports that approximately one-quarter of those are in families, nearly three-quarters are single individuals, and less than 2% are unaccompanied youth. The Assessment identifies a variety of necessary services and housing for homeless people in the CNWS vicinity but reports a significant unmet need for permanent housing and for a range of support services including comprehensive case management, integrated health/mental health treatment, targeted employment programs and child care. The Assessment was circulated to homeless providers as well as HUD staff in draft form for comment prior to publication and was provided to all interested parties at the workshops. It is available in the Reuse Project website library.

Discussion

Although federal law requires the LRA to negotiate with homeless services providers and establishes certain procedural requirements when developing a homeless assistance plan, it also allows significant latitude for the LRA to exercise judgment when determining the nature and extent of measures to address homeless needs and balancing those needs against the community and economic development goals reflected in the Reuse Plan. The homeless assistance plan may include provisions for transfer of land and buildings either on or off the CNWS property to homeless providers, funding for provision of homeless housing and related services, or some combination thereof.

It is important to recognize, however, that the federal mandate applies only to homeless assistance, not assistance to non-homeless persons needing affordable housing. HUD has issued clear guidance stating that transfer of surplus military property pursuant to a no-cost homeless assistance conveyance is not authorized if the recipient organization intends to use the property for a mixed-income development containing affordable housing in addition to homeless housing. This has been a major topic of discussion among the LRA, the Homeless Collaborative and HUD in negotiations to date. Collaborative members initially proposed including provisions in the homeless assistance plan to require that the purchasers of the CNWS property enter into a development agreement requiring them to develop homeless housing units as part of mixed income projects containing significant numbers of affordable housing units and to make land available to accommodate both types of housing. The City's negotiating team has taken the position that the federal homeless assistance process is not the appropriate forum to establish or amend the City's legislative policies governing provision of affordable housing. Those policies should be reviewed with broader public input in the context of the Housing Element, Inclusionary Housing Ordinance, and potential formation of a redevelopment project area for the CNWS. However, we have proposed structuring the homeless assistance plan to leave open the possibility that homeless housing units ultimately will be constructed in combination with affordable housing units in mixed-income projects as the CNWS build-out occurs in the future.

Staff recommends that the City Council provide policy guidance which establishes a framework for the negotiation of key terms so that the City will be in position to complete the homeless negotiations prior to the public hearing scheduled for January 12, 2009. The following basic parameters are suggested:

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- The cost of compliance with the federally mandated homeless accommodation should be borne entirely by the value of the land to be transferred by the Navy, either directly from the proceeds of sale or through a contractual condition agreed to by the purchaser.
- The primary goal of the homeless assistance plan will be to provide sufficient land or equivalent funding to accommodate 260 units of permanent homeless housing and a food distribution/employment training center on sites where environmental cleanup has occurred and necessary infrastructure has been installed.
- The homeless assistance plan will not include the capitalized cost of funding ongoing operations of homeless housing or ongoing costs of providing supportive services such as case management, health care, employment training or child care.
- The total estimated cost associated with the homeless assistance plan shall not exceed \$25 million.

Staff further recommends that the homeless assistance plan be structured as three Legally Binding Agreements based on concepts deemed acceptable by HUD at other closed military bases, containing the following key provisions:

Food Bank/Employment Training Center LBA

- The City shall request that the Navy transfer to the City at no cost approximately 8-10 acres of land on the CNWS. The City will then transfer the site to the homeless services provider for construction of a Food Bank for distribution of food and provision of employment training services to the homeless. The specific acreage will be determined based on the demonstrated amount of land needed for development of this facility.
- The provider will be responsible for construction and operation of the facility.
- The transfer will be subject to conditions providing that title will revert to the City and a replacement provider will be found if the land recipient either does not move forward in a timely manner to construct and operate the facility or later ceases operation.

LBA for Provision of Homeless Housing Units on the CNWS

- Purchasers of land at the base will be required to develop and either directly construct or contract with a nonprofit homeless housing developer for the construction of an agreed number of homeless housing units on the CNWS site.
- The City will determine the location of the units and establish plans and specifications for the units, including size and number of bedrooms.
- The total number of units to be constructed on the CNWS shall be within the range of 75-130 units, provided that the cost associated with provision of land and the development cost gap for construction of homeless housing units shall not cause the total estimated costs associated with the three LBA's collectively to exceed \$25 million.
- This LBA will be implemented through development agreement provisions to be attached as a condition of the sale of the CNWS property. The development agreement provisions will focus exclusively on the development of homeless housing units, but will be flexible enough to permit

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these units to be developed either alone or in combination with affordable housing units in mixed-income projects.

Trust Fund LBA

- A condition will be attached to the sale of the CNWS property requiring the purchasers to make payments into a homeless assistance trust fund at the time the transfer occurs.
- The amount of money to be contributed will be calculated as the approximate value of land on the CNWS that would have been required to construct the remaining number of homeless units on the CNWS. For example, if 75 units are to be provided on the CNWS, then the amount contributed into the trust fund shall be equivalent to the estimated value of residential land that would have been required to accommodate 185 homeless units on the CNWS.
- The amount of money contributed into the trust fund shall not include costs attributable to construction of homeless housing units, operation of the units, or ongoing provision of supportive services.
- The City shall administer the trust fund and retain authority to approve expenditures. Allowable expenditures shall be broadly defined to permit flexibility in allocating the funds as deemed appropriate to assist homeless individuals and families.

These staff recommendations differ from proposals made by the Homeless Collaborative in several important respects. The major differences center on the LBA for Provision of Homeless Housing Units on the CNWS and the Trust Fund LBA. The following are the main items which have been proposed by the Collaborative, but have not been accepted by LRA staff:

- Purchasers of the CNWS property will be required to accept development agreement provisions which facilitate implementation of mixed-income housing projects and include specific incentives for private developers to provide homeless units within mixed-income projects in partnership with non-profit affordable housing developers.
- 260 units of homeless housing will be developed on the CNWS. Homeless housing providers will receive not only free land with completed environmental remediation and infrastructure, but also development cost gap funding from the Trust Fund for all 260 units.
- The amount of money required to be deposited into the Trust Fund shall be sufficient to fund the development cost gap with a 5-year period of construction inflation, plus ongoing costs for operating the housing and providing supportive services to the homeless for a 20-year period. The Homeless Collaborative estimates that these items would cost \$78 million. When land costs are added in, the total cost of the homeless assistance plan would be approximately \$90 million.
- The Trust Fund would be administered by Contra Costa County. The Collaborative would have the sole right to use Trust Fund money.

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Fiscal Impact

Fiscal impact resulting from accommodation of the needs of the homeless on land designated to be discounted below market value on the CNWS and creation of a Trust Fund will be analyzed after the specifics of the LBA's are determined.

Public Contact

Notice of this meeting has been provided to the homeless services providers who submitted letters of interest pertaining to the Concord Naval Weapons Station. The agenda for the City Council meeting scheduled for November 24, 2007 has also been posted at the Civic Center and on the City of Concord website. Copies of the staff report are available on the City's web page at www.cityofconcord.org and a hard copy is available at the Permit Center and the City Clerk's Office at 1950 Parkside Drive.

Recommendation

Receive status report and provide policy guidance to frame future discussions with homeless services providers by approving in concept the negotiating parameters recommended in this staff report.



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City Manager

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City Attorney

Attachments: Summary of Homeless Services Provider Proposals

Summary of Homeless NOI Proposals Received

NOI #	Proposal or Project Name (If Any)	Agency/Agencies submitting	Type of proposal (housing, shelter, services, etc.)	Housing or Services Types (permanent, transitional, employment, medical, etc.)	Target population(s)	Target homeless subpopulation groups	Total homeless units	If housing, # of total units	% homeless	# of homeless served (services only)	Proposed Services	Phasing/other considerations
1	Concord NWS Revitalization Project	Eden Housing and SHELTER Inc.	Housing	Permanent Multi-family	low-income with set asides for homeless with special needs	30 homeless families, 20 adults with mental illness; 5 chronically homeless	50	250	20.0%		Case management, service coordination, computer learning lab; on-site child care	Propose 2 projects of 125 each; 25 units in each for homeless
2	Currently Unnamed	Resources for Community Development (RCD), Contra-Costa Interfaith, Contra Costa Health Services Teams	Housing	Permanent Multi-family	low-income with set asides for homeless with special needs	26 families and 44 adults with disabilities including 20 for persons with mental illness; 28 chronically homeless	70	200	35.0%		Targeted services by County homeless and mental health teams; family services to all low income residents	Propose 2 projects of 100 each; 35 units in each for homeless
3	Diablo Creek Village	Mercy Housing and Lutheran Social Services	Housing	Permanent Multi-family	low income (30-60% AMI) with set asides for homeless youth and families	10 units for homeless families and 10 units for former foster youth	20	95	21.1%		Case management, mental health services, on-site child care; low staff to client ratio	Note: proposal includes 20 self-help housing units
4	To Be Determined	Mid Peninsula Housing Coalition and First Place for Youth	Housing	Permanent Multi-family	low income (20-50% AMI) with set asides for homeless former foster youth and their families	19 former foster youth	19	92	20.7%		Targeted youth services by First Place for former foster youth' family services for all tenants by Mercy Services	
5	PHASE	EAH Housing and Anka Behavioral Health Services	Housing	Permanent Multi-family	low income	20 for homeless singles and 10 small families with special needs	30	150	20.0%		Case management; health and behavioral health services; employment services	

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6	CNWS Permanent Affordable Housing with Supportive Services	East Bay Asian Local Development Corporation (EBALDC) and Rubicon Programs Inc.	Housing	Permanent Multi-family	low income	15-20 homeless	45	300	15.0%		Case management and services coordination and referrals; child care center proposed on site	Propose 3 projects of 100 units each; 15 - 20 units in each for homeless
7	Emergency and Supplemental Food Distribution	Food Bank of Contra Costa and Solano	Services	Food Storage/ Office/Parking	Low income					unknown	Store and distribute food regionally	
8	Concord Dining Room and Catering Kitchen	Loaves and Fishes	Services	Catering/Kitchen and Food storage and Dining Room	Low income/homeless					unknown	Prepare meals and serve meals	
9	Anka Concord Enterprise Center (ACE)	Anka Behavioral Health Inc	Services	Employment program	homeless people and people at risk of homelessness					250	Job training and placement including jobs created as a result of CNWS conversion	Propose an off-site location and a funding stream for services as no buildings on base are suitable
							234	1087	21.5%	250		