



CITY OF POMONA COUNCIL REPORT

October 18, 2021

To: Honorable Mayor and Members of the City Council

From: James Makshanoff, City Manager

Submitted By: Benita DeFrank, Neighborhood Services Director

SUBJECT: ADOPT A RESOLUTION AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH THE MARK A WARREN TRUST FOR THE ACQUISITION OF MULTIFAMILY HOUSING PROPERTY LOCATED AT 1172 E. PASADENA STREET, POMONA, USING EMERGENCY SOLUTIONS GRANT CARES ACT CORONAVIRUS FUNDS IN THE AMOUNT OF \$1,250,000.

RECOMMENDATION:

It is recommended that the City Council adopt the following resolution:

RESOLUTION NO. 2021-149 (ATTACHMENT NO. 1) – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, AUTHORIZING A PURCHASE AND SALE AGREEMENT WITH THE MARK A WARREN TRUST FOR THE ACQUISITION OF MULTIFAMILY HOUSING PROPERTY LOCATED AT 1172 E. PASADENA STREET, POMONA (APN 8323-016-016), USING EMERGENCY SOLUTIONS GRANT CARES ACT CORONAVIRUS (ESG-CV) FUNDS, FOR THE PURCHASE PRICE OF \$1,250,000 (193-1791-66201-71076), FOR TEMPORARY EMERGENCY SHELTER

EXECUTIVE SUMMARY:

As part of the ongoing effort to address long-term strategies for provision of shelter and services to the homeless population, especially homeless families with children, the City has been looking for ways to increase emergency shelter access. With the award of Emergency Solutions Grant CARES Act (ESG-CV) funds, the opportunity to acquire property to be used for temporary emergency shelter was presented. To this end, the acquisition of 1172 E. Pasadena, through a Purchase and Sale Agreement (Attachment 2) with the Mark A. Warren Trust, in the amount of \$1,250,000, would provide five, 2-bedroom apartment units to house homeless families with children. In particular, use of this property would focus on providing temporary emergency, non-congregate shelter, to homeless families with high barriers to housing, where other interventions, such as a motel voucher, rapid-rehousing program, or congregate shelter may not be suitable.

FISCAL IMPACT:

Funding for acquisition and rehabilitation of this property is currently appropriated in the FY 2021-22 City Operating Budget in Emergency Solutions Grant CARES Act (ESG-CV) funds (193-1791-66201-71076). In addition to the purchase of property, it is anticipated that an additional \$5,000 to \$10,000 in ESG-CV funds will be used for closing title and escrow related fees. Further fiscal impact will include minor renovation of the units as needed, purchase of furnishing and furniture, and tenant relocation costs. The funding source for any additional expenses will be ESG-CV funds and is currently budgeted in (193-1791-XXXXX-71076) and all expenses are consistent with eligible uses of this funding source.

PREVIOUS COUNCIL RELATED ACTION:

On June 7, 2021, the City Council adopted the FY 2021-22 City Operating Budget. On September 20, 2021, the City Council amended the Consolidated Plan, the FY 2021-2022 Annual Action Plan, and the FY 2021-22 City Operating Budget by reallocating \$2,000,000 in ESG-CV funds into Temporary Emergency Shelter – Acquisition and Rehabilitation for Crisis Housing.

DISCUSSION:

On March 27, 2020, the CARES Act made available \$4 billion in Emergency Solutions Grant Coronavirus (ESG-CV1) funds available to prevent, prepare for and address Coronavirus. The City of Pomona received \$629,131 in ESG-CV funds. On June 9, 2020, an additional \$2.96 billion in funding for ESG-CV2 grants was allocated directly to States and local government by a separate formula developed by the U.S. Department of Housing and Urban Development (HUD). At that time, the City received an additional \$6,135,460 in ESG-CV2 funds. According to HUD, ESG-CV funds must be used to prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homeless prevention activities to mitigate the impacts created by coronavirus. These efforts include acquisition and rehabilitation of real property to create temporary emergency shelter that is non-congregate. Per HUD, such a site is designed to facilitate the movement of homeless individuals and families into permanent housing within a fixed period of time (e.g., within 12 months) and which employs or contracts with one or more case managers or service providers to provide services.

During the Coronavirus pandemic, the City identified the need to house homeless families with high barriers to housing, where other interventions, such as a motel voucher, rapid-rehousing program, or congregate shelter were not suitable. Many of these were larger families that had children attending the Pomona Unified School District. Some of these families have such high barriers to housing, that more time is needed to move them into permanent housing and often shorter stay motel vouchers time out. In response, City staff began to search for multifamily housing acquisition opportunities to provide emergency shelter, in a non-congregate setting, one that would accommodate larger families and provide a more stable, transitional housing environment for times that often exceed 6 months. During this search, the opportunity to purchase the property located at 1172 E. Pasadena Street was presented to the City by Mr. Mark Warren.

The Property

The subject property is located at 1172 E. Pasadena Street, Pomona, (Attachment 3) one block north of Holt Avenue, between Clark Avenue and East End Avenue. The owner of record is the Mark A Warren Trust. The property consists of five units, two-story, with on-site parking of five carports and five open parking stalls. The parking is in back of the apartment complex and has a gated entrance for added security. Of the five units, four of the units are 2-bedroom with one bathroom, averaging 1,000 square feet (sf) per unit, and one unit is 2-bedroom with two bathrooms and is 1,200 sf. In addition, each unit has a balcony/patio space attached. The complex includes a fenced in front yard that is landscaped with trees and grass. The lot size is documented at 7,545 sf. The property was built 1979 and is in average overall condition. All unit interiors were inspected for environmental, as well as health and safety standards. The property has wood frame construction, stucco exterior walls and asphalt shingle roofs. The property was appraised by a certified general appraiser and the market value of the subject property is estimated to be \$1,250,000. The purchase price of the property is \$1,250,000, an amount that meets the ESG-CV eligibility requirements. The parameters of the sale are found in the Purchase and Sale Agreement.

Because this complex will provide temporary, transitional, interim housing to homeless families with children, upon purchase, the units will be renovated as needed, with new carpet/floor covering, new kitchen/bathroom fixtures, light fixtures and window coverings. In addition, each unit will be furnished with kitchen appliances, kitchen supplies and bedroom/dining/den furniture.

Currently two of the five units are vacant. Two of the remaining three units have existing tenants that were given a 90-day notice due to a Master Lease expiration. This notice was provided prior to the City's interest in the property. Due to the use of federal funds to acquire the property, all remaining tenants will be provided with relocation benefits, in accordance with HUD Uniform Relocation Assistance and Real Property Acquisition Act (URA) guidelines. Relocation assistance is an eligible use of ESG-CV funds and staff is working with HUD to carry out URA activities and estimate the cost of relocation. In beginning to search for multifamily units, staff anticipated that finding a rental property that was 100% vacant would be difficult and believes there is sufficient funding available to meet this obligation.

ATTACHMENTS:

- Attachment 1 - Resolution No. 2021-149
- Attachment 2 - Exhibit A - Purchase and Sale Agreement
- Attachment 3 - 1172 E. Pasadena Site View