

# KENTS COURT

What's Next?



# Requested Board of Supervisors Actions

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- a. Receive a status report on housing at Kents Court;
- b. Direct staff to return to the Board of Supervisors by December 31, 2023, with financing and management plans to address unfunded deferred maintenance due within the next 5-years at an approximate cost of \$1,472,874, including relocation costs;
- c. Direct staff to return to the Board of Supervisors by December 31, 2023, with a financing plan to replace two Kents Court units with Americans with Disabilities Act compliant units at an approximate cost of \$574,482;
- d. Adopt the Kents Court Temporary Relocation Plan for tenants of the manufactured homes at Kents Court;
- e. Support an increase to the Fiscal Year 2023-24 appropriations in the Castroville-Pajaro Housing Successor Fund 175, Appropriation Unit HCD006 Unit 8547 by \$371,289 (+\$61,289) funded by General Fund Contingencies to fund one month of tenant relocation expenses and modernization project contingencies.

# Disclaimers

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*It is important to note that even though the units are nearly 20-years old, they do NOT require any immediate work to address issues that may pose threats to the health and safety of the tenants.*

- Yellow tags posted after the flood were primarily related to concerns the units may have shifted on their piers (they did not), but site remediation has left unsafe conditions on the property that will not be corrected until the property grade is restored.
- Considerations before the Board today will extend the economic life of the affordable units at Kents Court and establish a plan to ensure that they remain safe and secure housing for years to come.

*It is not the County's intent to use the modernization project to permanently displace the current tenants or to justify increasing rents.*

- Kents Court is one of two properties in Pajaro that have rent and income limits and is an important source of stable housing in the community.

# Introduction

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- March 2023 Flood Remediation & Recovery
- How did we get here?
- What is the future of Kents Court?
- Modernization Program
- Unfunded Deferred Maintenance
- Temporary Tenant Relocation During Maintenance Operations.



# Kents Court – March 12, 1995

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- Multiple parcels in multiple ownership.
- Extensive code violations before flood.
- Environmental remediation required.
  
- Not envisioned or planned as part of permanent housing stock in Pajaro
- County did NOT use Housing Set-Aside funds to purchase property



Kents Court – March 1995

# Kents Court History

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- ~2000 County acquires Kents Court and conducts environmental remediation.
- 2005 South County Housing purchases 19- units of manufactured housing for relocation of tenants displaced by redevelopment of 15-17-19 Salinas Rd.
- 2010 County takes ownership of units in-lieu of foreclosure. Units operated as affordable housing.
- 2019 Kents Court Initially Discussed with Board  
Representatives from 2 affordable housing developers informed the Board they were NOT interested in Kents Court property.
- 2020 County contracts with Eugene Burger Property Management to provide day-to-day management oversight

- 2023
  - February Housing/PWPF enter RSA to modernize Kents Court.
  - March 11 Pajaro River levee fails & Pajaro evacuated.
  - March 23 Evacuation Order Lifted
  - March 27 Remediation Begins
  - June 6 Remediation Complete
  - June 22 Modernization Begins
  - July 8 Insurance/FEMA restoration work begins*
  - July 27 Restoration Work Complete*
  - August 30 Modernization Work Complete*

# Kents Court Overview

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Kents Court - 18 affordable rental units in Pajaro.

- 22% of restricted affordable units in community.

Kents Court adjacent to:

- Agricultural uses – most of property is within 200' buffer required by County Code for new development.
- Heavy Commercial / Industrial uses

Pajaro is a TCAC Low Opportunity community with high economic and racial segregation



# March Flood Remediation

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- Living spaces undamaged.
- Systems under units were damaged & building official concerned units shifted on piers.
- Site covered in mud.
- Removal of surface mud + top 3” of gravel/soil.
  - Sampling still found hazardous soil conditions that required additional mitigation.
- Replace fencing, HVAC ducts, skirting, and stairs.
- Engineering and bringing site back to grade.



# Recovery & Restoration

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## GOALS

- Return Tenants to Kents Court as Soon as Possible.
- Clear hazardous materials (contaminated soils) and demolish damaged/destroyed property.
- Implement “Voluntary” Code Upgrade Program
  - Raise Units 1’ above flood elevation
  - Comply with Stormwater Drainage Regulations
  - Comply with Landscaping Regulations Previously Waived
  - Comply with ADA Path of Travel Requirements

## UNKNOWNNS

- What Insurance and/or FEMA will cover?
  - Improvement are not like for like but are improvements required to meet current codes.
  - Insurance may require cost sharing if not satisfied that threshold requiring code improvements triggered.
- When Insurance will Approve Work Plan?
  - Timing of Approval Dictates When Yellow Tags are Removed and Tenants Go Home.

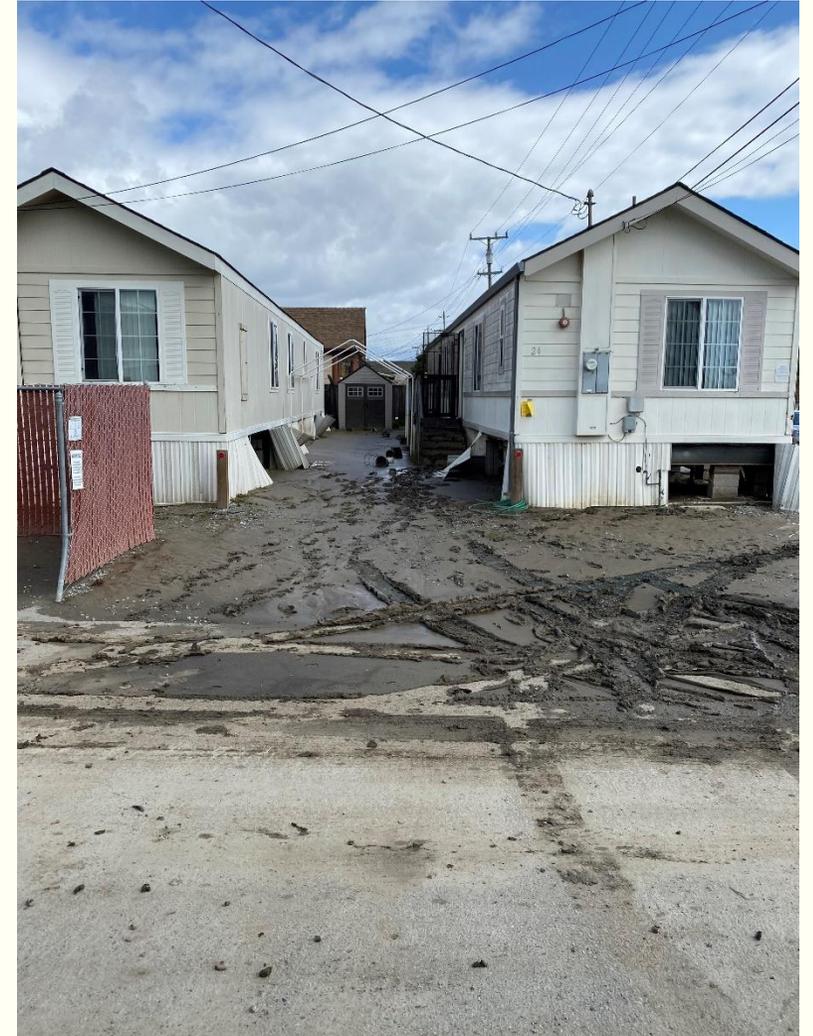
# Flood Remediation Response

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- 3/10/11 Evacuation ordered
- 3/23 Evacuation order lifted
- 3/23 County's Insurance onsite to review potential claim damage
- 3/23 Hazmat assessment completed
- 3/27 Commence sludge removal
- 3/28 Structural assessment/clearance to work under units & Hazmat and remediation work plan completed
- 3/30 FEMA damage assessment site walk completed
- 4/3 Hazmat Clearance & Demo Begins
- 5/8 Post-clean up soil testing completed (additional hazardous material identified)
- 6/6 Additional soil remediation completed, and interior de-humidifying equipment removed

REMEDICATION WORK COMPLETE

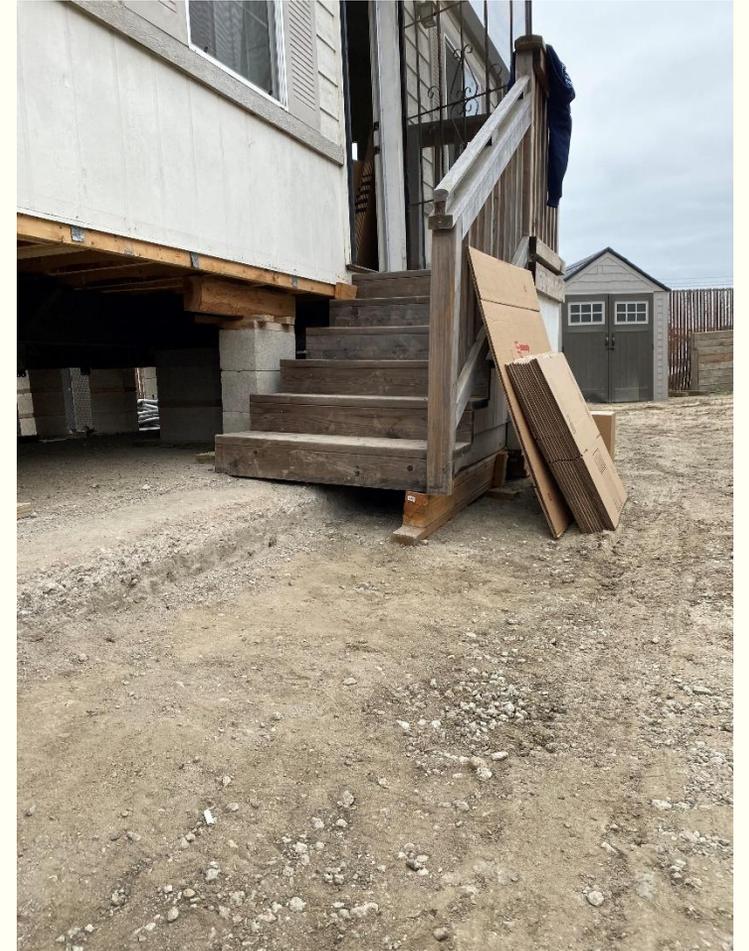
SITE IS CONSTRUCTION SITE IN PROGRESS PENDING RESTORATION.



# Flood Remediation Response

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# Flood Restoration Response

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- 4/19 Restoration Planning Begins While Remediation is Still Underway
- 6/28 Restoration Plan submitted to insurance
- 7/7 Insurance approval of restoration plan
- 7/8 Restoration work begins
- 8/31 Restoration work complete



# Flood Remediation & Restoration Summary

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Flood Remediation	Flood Restoration	Flood Restoration – Pending
Post Flood Assessment	Engineer Site & Return to Grade	Pave ADA Path of Travel
Hazardous Material Assessment	Replace HVAC Ducts	Paint Fire Lanes and Handicapped Parking*
Environmental Remediation	Replace Skirting*	Raise Units 1' Above Flood Level
Demolish HVAC Ducts	Replace Stairs*	Replace Fence*
Demolish Damaged Skirts	Replace Insulation & Vapor Barrier	ADA Ramps
Ventilation of Units		

Items with asterisks were included in Housing/PWPF Reimbursable Services Agreement.

# Modernization Program

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# Modernization Program

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## Current Work Plan

- \$1,245,207
- Issues Identified in 2019 Facility Assessment +
- Issues Identified During Post Flood Survey
- Moving/Storage of Tenant Personal Property During Work
- Essentially a full update of interiors –
  - New cabinets throughout
  - New floor coverings
  - Paint

## Supplemental Work Plan (Unfunded)

- \$172,821
- Exterior Paint
- Window Screens
- Replace Toilets as Needed
- Safety Screen Door Replacement

## Future Work – Next 3-Years (Unfunded)

- Appliance Replacement
- Roof Replacement

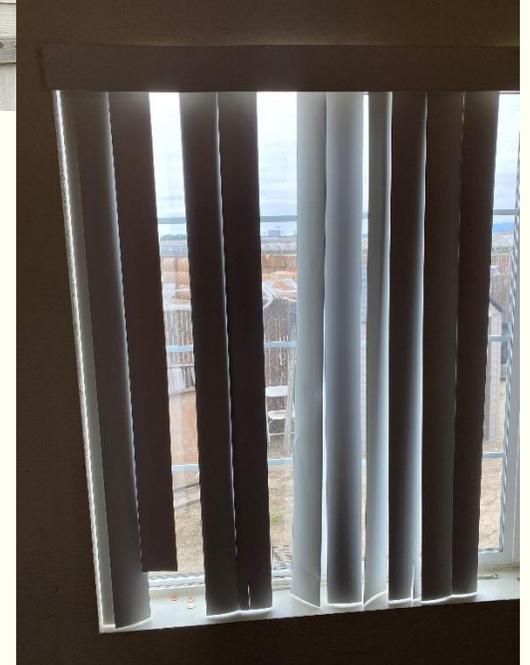
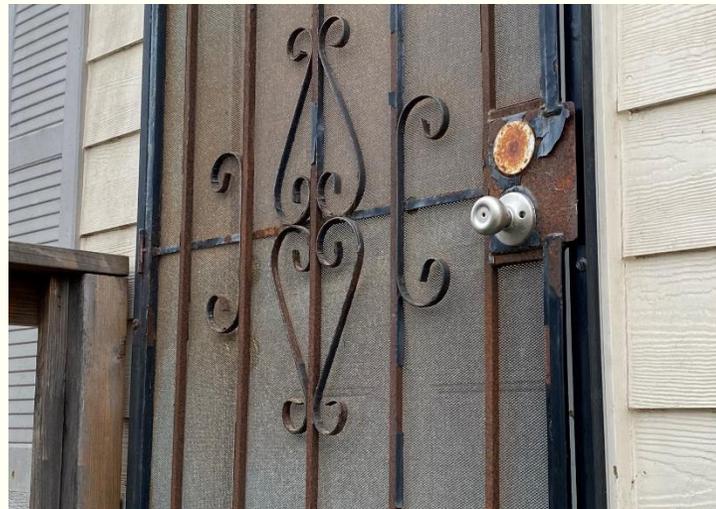
# Unfunded Deferred Maintenance

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## Unfunded Deferred Maintenance

- Replace Damaged Trim
- Clean and Repaint Exterior
- Replace Window Coverings
- Broken/Missing Exterior Lights

Roofs are approaching the end of their useful life and will need to be replaced over the next 3-5 years.



# Status of Deferred Maintenance

Deferred Maintenance – Funded	Deferred Maintenance – Unfunded	Deferred Maintenance – Unfunded/Future
Electrical Repairs*	Exterior Paint	Replace Appliances
Footings*	Exterior Trim Repair/Replacement	Replace Heaters
Replace Bathroom Hardware & Mirrors	Replace Exterior Light Fixtures	Replace Water Heaters
Replace Cabinets & Countertops	Replace Toilets*	Roof
Replace Carpet & Vinyl Flooring		
Replace Light Fixtures*		
Threshold Repairs		
Tub Repairs*		
Weatherproofing		

\* Repair or Replace as Necessary

# Kents Court Cash Flows

	Adopted FY 2023	Modified FY 2024	FY 2025	FY 2026	FY 2027
<u>Expense Forecast</u>					
Buildings & Improvements	\$582,568	\$662,639			
Utilities	\$10,700	\$5,800			
Property Management	\$195,275	\$233,333	\$233,333	\$233,333	\$233,333
County Expenses	\$21,410	\$20,000	\$10,000	\$10,000	\$10,000
<b>Total Expenses</b>	<b>\$809,953</b>	<b>\$921,772</b>	<b>\$243,333</b>	<b>\$243,333</b>	<b>\$243,333</b>
<u>Revenue Forecast</u>					
Investment Income	\$25,000	\$10,000	\$2,000	\$2,000	\$2,000
Business Loss - Rent		\$81,756			
Business Loss - Utilities		\$16,443			
Rental Income	\$155,235	\$272,006	\$320,380	\$320,380	\$320,380
<b>Total Revenue</b>	<b>\$180,235</b>	<b>\$380,205</b>	<b>\$322,380</b>	<b>\$322,380</b>	<b>\$322,380</b>
<u>Fund Balance</u>					
Beginning Fund Balance	\$1,238,995	\$609,277	\$67,710	\$146,757	\$225,804
Annual Fund Balance Change	\$629,718	\$541,567	\$79,047	\$79,047	\$79,047
<b>Ending Fund Balance</b>	<b>\$609,277</b>	<b>\$67,710</b>	<b>\$146,757</b>	<b>\$225,804</b>	<b>\$304,851</b>

# Kents Court Funding

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	Insurance Approved	Insurance Pending	Available Funding	Unfunded
Flood Remediation	\$1,852,744			
Flood Restoration		\$4,304,638		
Flood Business Losses		\$87,030		
Deferred Maintenance			\$1,245,207	\$1,008,556
ADA Unit Replacement				\$574,482
Replace All Units				\$5,341,400
Replace & Emergency Housing				\$6,814,274
Other Improvements				\$323,425
Total	\$1,852,744	\$4,391,688	\$1,245,207	

# Unfunded Activities

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	One Time Cost	Ongoing Cost
Recommended Next Steps		
Deferred Maintenance	\$1,088,556	
Replacement Reserve	\$116,667	
Down Payment Assistance Account	\$1,020,430	
Optional Improvements		
2 ADA Units	\$574,482	
19 Units	\$5,341,400	
Replace & Reuse as Emergency Housing	\$6,814,274	
Landscaping	\$248,425	\$15,000

# Tenant Relocation

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## Requirements:

Provide tenant with temporary housing or provide a stipend for tenant to find similar housing.

Provide per diem if temporary housing does not have a kitchen.

Pet Boarding if pets are not allowed in temporary housing.

Packing, moving, and storage of personal belongings.



# Kents Court – Highest & Best Use

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- Affordable Housing Owned & Operated by the County
- Affordable Housing Cooperative
- Emergency Temporary Housing for Code Enforcement
- Other County Use
- Sale to Private Party to Fund Other Affordable Housing?



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Based on the presentation, does the Board want to direct the Budget Office and Auditor-Controller to increase appropriations by an additional \$172,821 from General Fund Contingencies to complete the remaining deferred maintenance items?

