



## Board Report

**File #:** RES 23-166, **Version:** 1

Adopt a Resolution to:

- a. Receive a status report on housing at Kents Court;
- b. Authorize the Auditor-Controller to amend the FY 2023-24 Adopted Budget for Housing and Community Development Department, Fund 175, Appropriation HCD006, to increase appropriations by \$1,500,000, where the financing sources Fund Balance (175-3101) (4/5<sup>th</sup> vote required).
- c. Support an increase to the Fiscal Year 2023-24 appropriations in the Castroville-Pajaro Housing Successor Fund 175, Appropriation Unit HCD006 Unit 8547 by \$500,000 funded by General Fund Contingencies to fund six weeks of tenant relocation expenses (\$500,000);
- d. Authorize the Auditor Controller to amend the Fiscal Year 2023-24 Adopted Budget to increase appropriations by \$500,000 for the Castroville-Pajaro Housing Successor Fund 175, Appropriation Unit HCD006, funded by an operating transfer from General Fund Contingencies, Fund 001, Appropriation Unit CAO020 of \$500,000 (4/5<sup>th</sup> vote required); and
- e. Transfer \$500,000 from General Fund Contingencies, Fund 001, Appropriation Unit CAO020, to the Castroville-Pajaro Housing Fund 175, Appropriation Unit HCD006, where General Fund Contingencies has sufficient appropriations in the FY 2023-24 Adopted Budget to cover the transfer (4/5<sup>th</sup> vote required).

**RECOMMENDATION:**

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Receive a status report on housing at Kents Court;
- b. Authorize the Auditor-Controller to amend the FY 2023-24 Adopted Budget for Housing and Community Development Department, Fund 175, Appropriation HCD006, to increase appropriations by \$1,500,000, where the financing sources Fund Balance (175-3101) (4/5<sup>th</sup> vote required).
- c. Support an increase to the Fiscal Year 2023-24 appropriations in the Castroville-Pajaro Housing Successor Fund 175, Appropriation Unit HCD006 Unit 8547 by \$500,000 funded by General Fund Contingencies to fund six weeks of tenant relocation expenses (\$500,000);
- d. Authorize the Auditor Controller to amend the Fiscal Year 2023-24 Adopted Budget to increase appropriations by \$500,000 for the Castroville-Pajaro Housing Successor Fund 175, Appropriation Unit HCD006, funded by an operating transfer from General Fund Contingencies, Fund 001, Appropriation Unit CAO020 of \$500,000 (4/5<sup>th</sup> vote required); and
- e. Transfer \$500,000 from General Fund Contingencies, Fund 001, Appropriation Unit CAO020, to the Castroville-Pajaro Housing Fund 175, Appropriation Unit HCD006, where General Fund Contingencies has sufficient appropriations in the FY 2023-24 Adopted Budget to cover the transfer (4/5<sup>th</sup> vote required).

**SUMMARY:**

The County owns 19 manufactured housing units at Kents Court, Pajaro. These units were damaged during the flood in March of 2023 leading to a yellow placard from the County Building Official. Since that time, the tenants have not been allowed to return while the County works with insurance to repair the flood damage. Since the flood, the County has undertaken 3 projects at Kents Court. The first project, which has been completed, involved removing debris and contaminated soil from the site along with remediation to the damaged buildings. The second project, work plan with code upgrades currently being reviewed for insurance reimbursement, involves restoring the site and buildings to pre-flood condition. This is not expected to be

complete before September 30, 2023. The third project, currently underway is the rehabilitation of the units unrelated to the flood. This project is on schedule to be complete by August 31, 2023. The additional \$500,000 augmentation is to fund additional tenant relocation assistance through October 15, 2023, due to delays related to completing flood restoration work.

#### DISCUSSION:

On June 27, 2023, the Board of Supervisors received a report on the status of the County's 19 units of affordable housing located in Pajaro. Since the initial report, the County has made progress on its flood recovery and modernization projects at Kents Court. The modernization project is on track to be complete by the end of August. However, progress on flood restoration has been slower than expected and will require tenants to remain out of their homes until early to mid-October 2023.

#### 2023 Flood Recovery

Flood damage to Kents Court was limited to damaged skirting around the units; heating, air conditioning, and ventilation ducts (HVAC) under the units; insulation and vapor barriers under the units; wooden stairways; fencing; and soil contamination. The County has submitted a site restoration plan that will bring the site back to its pre-flood condition and includes code upgrades making the site compliant with current building codes and with the Americans with Disabilities Act (ADA). To expedite re-occupancy, PWWP has established a restoration phasing plan. Phase 1 restores the site to pre-existing conditions and Phase 2 implements code upgrades that are subject to review/approval for reimbursement by the insurance company.

On August 11, 2023, the County's insurance carrier tentatively notified the County that several upgrades that would bring Kents Court into compliance with current building codes would not be eligible for reimbursement. The tentatively disallowed improvements include replacing the damaged wood stairs (which did not comply with building codes before the flood) paving the site to comply with Americans with Disabilities Act accessibility requirements, installation of landscaping, slurry sealing and restriping the existing pavement, and raising the units one foot above base flood elevation. These elements are estimated to cost \$549,000. The initial reasoning for denying funding is that these improvements apply to new developments but are not required pre-existing development. PWWP will continue advocating for these costs to be covered by insurance and pursue funding through the Federal Emergency Management Agency (FEMA) for uninsured losses.

Absent insurance approval, PWWP issued Notices to Proceed for Phase 1 to various contractors on August 2, 2023. This allowed contractors to begin placing orders for materials and supplies necessary to restore the site and units to their pre-flood condition so that they are habitable. Phase 1 included authorizing the construction of new stairs because they are a critical path item to making the property safe, even if they are not reimbursed by insurance. Phase 2 scope of work can be completed while tenants are living in the units. The nature of the work required to restore the site creates some inherent safety conflicts. Due to limited site space for storing materials / staging equipment, large quantity of workers, and large equipment work tasks must happen sequentially instead of simultaneously in some cases. This will cause the work to stretch into October 2023.

#### Deferred Maintenance

In June 2023, the Board received a status report on the modernization program for Kent's Court and informed the Board staff would return with modifications to FY 2023-24 budget to fund costs. This program replaced all appliances and cabinetry and addressed a wide range of deferred maintenance concerns. Contractors began work on July 12, 2023. Work is expected to be complete by September 8, 2023. The estimated costs for this program are \$1.4 million.

#### Tenant Relocation

On June 27, 2023, the Board of Supervisors adopted the Kents Court Temporary Relocation Plan and approved funding one month of relocation benefits. It was disclosed at the time the Board took action that payment of benefits beyond the first month was unfunded. The current project cost includes packing, moving, and storing tenant property for one month. The County began paying relocation benefits on July 29, 2023, and has sufficient funding to continue paying these benefits through August 31, 2023. It was disclosed at the time the Board took action that payment of benefits beyond the first month was unfunded and it might be necessary to return for an additional augmentation. It now appears that flood restoration work will extend into mid-October 2023. The cost of six additional weeks of tenant relocation benefits and storage of personal property is approximately \$500,000 that is currently unfunded.

OTHER AGENCY INVOLVEMENT:

Public Works, Parks and Facilities is coordinating the restoration and renovation projects.

FINANCING:

The ongoing operations for Kents Court are included in Fund 175 (Castroville-Pajaro Housing), Organization 8547, Appropriations Code HCD006. Fund 175 currently has \$1.5 million in Unassigned Fund Balance to cover modernization costs. Once appropriated, the remaining Fund Balance is \$15,269.

The staff recommendation includes authorizing \$500,000 to cover six weeks of relocation expenses funded by General Fund Contingencies. As of the writing of this report, the Contingencies balance was \$2,862,758.

The County is actively working with its insurance carrier and the Federal Emergency Management Agency (FEMA) to capture all eligible reimbursements for flood damage, including business losses associated with uncollectable rent and utility reimbursements to tenants. These losses are estimated at \$144,800. Insurance proceeds, when received will be used to complete additional modernization work or added to a strategic reserve for Kents Court.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The modernization of the Kents Court Affordable Housing Development supports all the Board of Supervisors Strategic Initiatives by providing a safe, sanitary, and pleasant housing environment for its tenants.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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The following attachments are on file with the HCD:

Attachment A - Resolution to Authorize Increase in Appropriations