

Attachment 1

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Kents Court Items for Consideration

SITE CONSIDERATIONS

Kents Court is comprised of 8 parcels totaling 1.32 acres. The County owns 6 of the parcels and 1.12 acres. Two parcels shown in red in the map on the right are owned by private parties.

The County's Kents Court units represent approximately 3% of the housing units in Pajaro.

Most of the property is within 200 feet of active agricultural uses or industrial/heavy commercial use.

Property configuration makes it difficult to increase density or change layout.

Pajaro is a Low Opportunity, High Poverty Concentration area and is not competitive for most state affordable housing financing programs.

Kents Court is not currently organized or regulated as a Mobile Home Park by the California Department of Housing and Community Development.

The Kents Court property is NOT currently burdened with a recorded affordable housing restriction although the individual units ARE burdened with affordable housing restrictions imposed by the County's Use Permit, which could limit resale value.

Kents Court units are home to 18-household tenants. Household incomes range from 34% to 134% of Area Median Income (AMI), with the average household earning 71% AMI and qualifying as lower income for state and federal affordable housing programs. There is also an on-site manager living in the 19th unit.

During February 5, 2019, Board study session representatives from CHISPA and Eden Housing indicated that their companies would NOT be interested in developing affordable housing on the property.

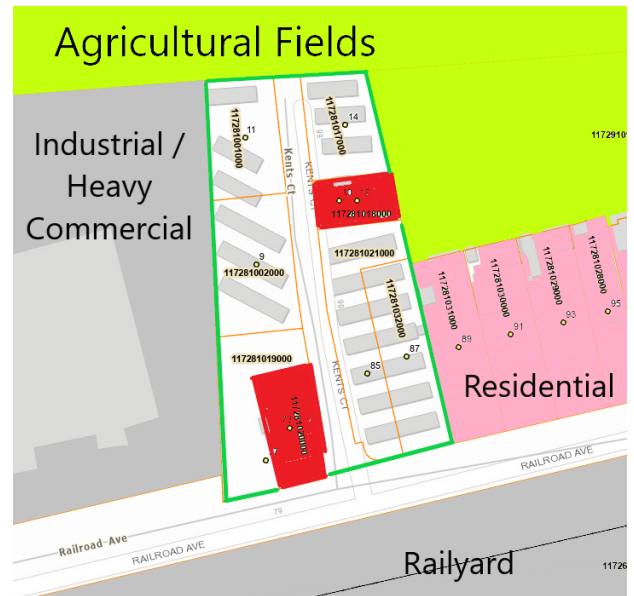
HIGHEST & BEST USE

What is the highest and best use of Kents Court, is it as:

1. County-owned/operated affordable housing.
2. Sale to residents as Cooperative Mobile Home Park with units owned by individual residents.
3. Sale to private party with proceeds funding another affordable housing project.
4. Some other County use to be identified.

COUNTY AS AFFORDABLE HOUSING OWNER / OPERATOR

Kents Court has generated sufficient income to cover annual operating expenses and most repairs since the County took ownership in 2010.



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Property management agreement has a not to exceed cost of \$233,333 annually. This includes funding for the property manager to make minor repairs and replace broken appliances.

Rental income generates \$223,632 annually.

- Rental income should increase to \$320,380 annually beginning January 1, 2024, when tenant rents are adjusted based on household income.
- Rental income should generate approximately \$79,000 annual after management expenses are paid.

The County has not established a maintenance schedule or replacement reserve account to ensure that there is available funding for future modernization requirements, e.g., appliance and roof replacement, or address unforeseen damage.

If the County is going to retain Kents Court as affordable housing, then the Board should direct staff to:

1. Register Kents Court with the California Department of Housing and Community Development as a Mobile Home Park.
2. Complete all deferred and recommended repairs or purchase replacement units.
3. Establish an annual inspection and maintenance plan.
4. Establish a Replacement Reserve Account funded by rental income not used for property management or maintenance.
5. Explore the purchase of additional adjacent properties so that a larger, multifamily, development can be considered in the future.

The County may wish to consider selling the Kents Court units to the current tenants with resale restrictions like the existing Inclusionary Housing Program. If the Board wishes to pursue this option, then they should direct staff to:

- Establish Kents Court as a cooperative mobile home park regulated by the California Department of Housing & Community Development.
- Complete all deferred maintenance and/or purchase new manufactured homes before selling them to the tenants.
- Establish a down payment assistance account, capitalized out with rental income not used for direct property management or maintenance.

If Kents Court is going to remain affordable housing, the Board may want to consider approving funding for:

- Landscaping
- Adding another building to the property for use as a community center/laundry facility.

NEED FOR TEMPORARY RELOCATION HOUSING

Kents Court was originally established because the County recognized the need for temporary housing when Code Enforcement found unsafe housing. In addition to code enforcement activities, the County has experienced significant demand for temporary housing during emergencies. If the existing units are replaced, those units could be retained for as needed temporary housing. In this case, the County will need to invest in modernizing the units and address deferred maintenance.

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- The units could generate income when rented to property owners required by County Ordinance and state law to provide relocation assistance equal to two months fair market rent to tenants displaced by Code Enforcement.