



Acquisition of Nimitz Motel (555 Lewelling Boulevard)

*for Conversion to Homeless
Navigation Center/Shelter &
Permanent Supportive Housing*

City Council
March 21, 2022

What's Been Happening

February 2021

- Homeless/Short Term and Long Term - Navigation Center & Housing Presentation to Council
- Council directed staff to find properties

April 2021

- Hired TRI Commercial Real Estate Services to conduct property searches

April 2021 - Present

- Weekly meetings with realtor
- Regular staff meetings to review properties
- Research/consultation

What's Been Happening

Fall 2021

- Began negotiations with Nimitz Motel
- Memorandum of Understanding with Eden Housing, Inc. & Building Futures with Women and Children
- State Project Homekey 2.0 Request for Proposals

November 2021

- City initiated formal appraisal

December 2021

- Appraisal completed (\$5.8 million)
- City offer - \$5.8 million

January-February 2022

- Owner counter - \$6.15 million
- Drafting of Purchase Agreement



Project Team

City

- Recreation & Human Services Department
- Community Development Department/Housing Division
- City Attorney's Office

Nonprofit Services Provider

- Building Futures with Women and Children

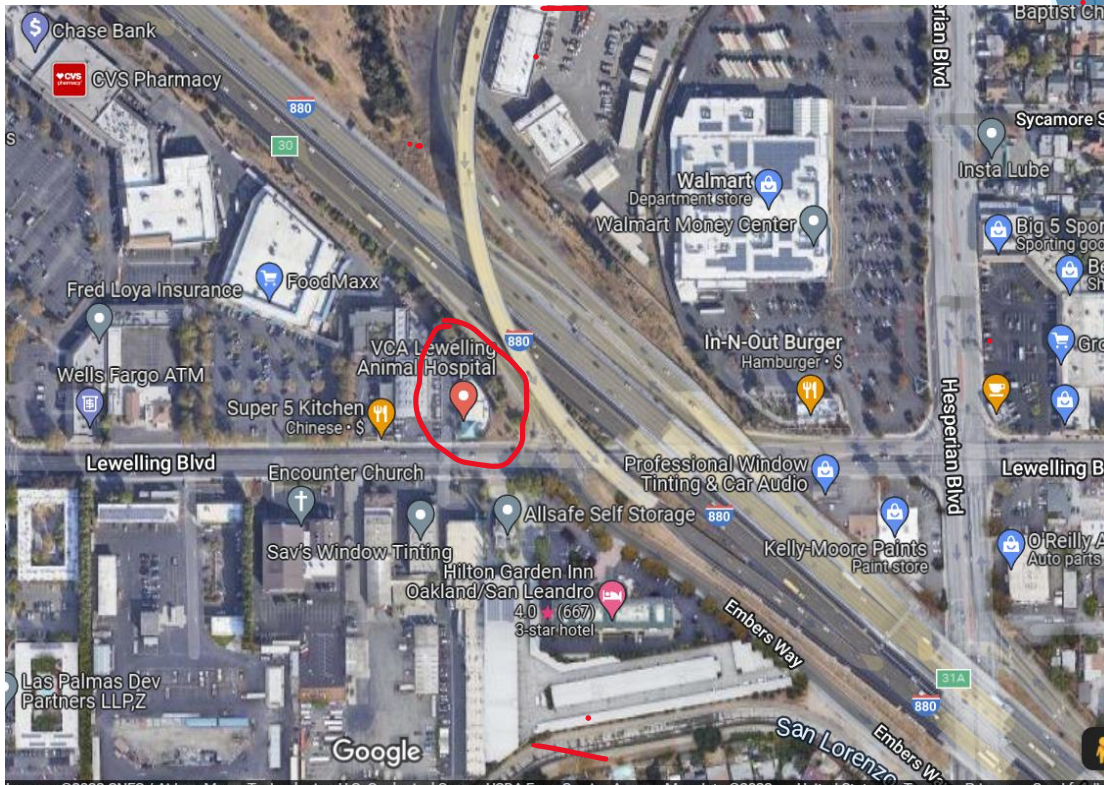
Nonprofit Developer

- Eden Housing, Inc.

Realtor

- TRI Commercial Real Estate Services

Nimitz Motel



33 studio units

Ground floor office & retail

On-parking

On-site laundry

Proximity to encampments

Opportunity to achieve City priority for both short-term navigation center/shelter & long-term homeless housing

Purchase Agreement Summary

- Seller: Parshotam, Inc.
- Purchase Price: \$6.15 million
 - Appraised value: \$5.8 million
 - Estimated \$85K closing costs
- Initial City Deposit: \$184,500
 - Non-refundable on July 30, 2022
- City has 3 - 30 day extensions\
 - \$75,000 non-refundable after 2nd extension exercised
- Due diligence work has begun
 - Phase I environmental, building needs assessment, relocation plan

Proposed Plan for Nimitz Motel (for Project Homekey)

Phase 1 (Interim)

- Purchase the motel
- BFWC & City operate the motel for 1.5 to 3 years as a navigation center and shelter

Phase 2 (Permanent)

- Work with Eden to secure public financing to convert to permanent supportive housing for the homeless
- Work with BFWC to find stable public operating funding for the center/shelter
- Find new permanent location for the center
- Eden Housing develops & operates the motel as permanent supportive housing

Available Funding Sources for Nimitz Motel Acquisition & Conversion

City Sources

- *City Affordable Housing Trust Fund*
- *City Low Mod Housing Fund/former Redevelopment*
- *City General Fund (\$1.6 mil for operations/services)*
- *State Permanent Local Housing Allocation*
- *State Homeless Housing, Assistance and Prevention (HHAP)*
- *Federal*
 - *\$750K - American Rescue Plan Act (ARPA)*
 - *HUD Community Development Block Grant & HOME*

State (approx. \$5.5 million to \$7.5 million)

- *Project Homekey -
acquisition/renovations/operations/relocation*

Public Outreach Plan

April-December 2022

- Ongoing community engagement including neighborhood near the motel

April/May 2022

- City-wide Community Meeting on Project Homekey proposal/Navigation Center

May 2, 2022

- Council public hearing to review FY22-23 HUD Annual Action Plan including CDBG & HOME funding for navigation center

July 2022

- Public presentation to Council on Project Homekey application status

Next Steps/ Key Dates

April 18, 2022

- City Council -review resolution to submit Project Homekey application
 - *More details on project costs and City funding sources at this meeting*

May 2, 2022

- Project Homekey Round 2 deadline
- Highly competitive

June 2022

- State announces approval/denial of Project Homekey applications

Fall/Winter 2022

- State releases Project Homekey Round 3 Request for Proposals (RFP)
- Round 3 = City alternative plan if Round 2 is denied

Staff Recommends

- City Council Approve and Authorize Execution of Purchase Agreement for the Nimitz Motel Property

