

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF: September 2, 2025

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To: Honorable City Councilmembers
From: Mayor Zollman, Council Liaison to Non Profit Service Providers
Responsible Department: Mary Gourley, Interim City Manager
Subject: Informational Presentation by St. Vincent de Paul on Gravenstein Commons

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RECOMMENDATION:

That the City Council receive an informational presentation from St. Vincent de Paul regarding the Gravenstein Commons project.

PROCESS OF AGENDA ITEM:

- a. Presentation of agenda item by Jack Tibbetts
- b. Questions and discussion from Councilmembers
- c. Public comment period
- d. Receipt of Informational Item

EXECUTIVE SUMMARY:

Saint Vincent de Paul’s (SVdP) Gravenstein Commons project in north Sebastopol is a proposed Permanent Supported Housing (PSH) development that will provide 21 studio apartments for homeless individuals plus a resident manager’s unit, for a total of 22 units. The project is led by St. Vincent de Paul of Sonoma County in partnership with the City of Sebastopol and is intended for people exiting homelessness or with very low incomes.

\$6.45 million was awarded in August 2024 through the State of California Homekey program, jointly applied for by Sebastopol and SVdP. Pursuant to the award letter (February 21, 2024), the Grantee (SVdP) is receiving Homekey Grant funds in the amount of \$6,449,235.

Per Homekey program guidelines, the City of Sebastopol is a required co-applicant and therefore carries financial risk and responsibilities. However, SVdP signed an agreement with the City to assume full responsibility for the project and to indemnify the City against liability. SVdP has considerable financial resources, including reported property assets of approximately \$23 million in Sonoma County.

BACKGROUND:

On May 16, 2023, the City of Sebastopol directed staff to jointly apply with SVdP to the California Department of Housing and Community Development (HCD) for Homekey funding to construct 22 deed-restricted, extremely low-income units to address homelessness. This action was taken in response to the significant increase of unhoused individuals living on Morris Street and the surrounding area.

The City subsequently worked with service providers to temporarily relocate individuals to this site (formerly Horizon Shine), intended as an interim solution until permanent supportive housing could be constructed. On February 26, 2024, Sebastopol and SVdP were awarded \$6,449,235 in Homekey funding for the project.

On March 19, 2024, the City Council approved a contract prepared by SVdP’s Executive Director affirming the City’s joint-applicant role and defining SVdP’s obligations. Key terms include SVdP’s commitment to maintain

capital reserves and operating subsidies, indemnify the City, and fund limited staff support for City reporting obligations for the 15-year life of the project.

Key aspects of the contract include:

City of Sebastopol's Responsibilities

The City of Sebastopol shall execute the Standard Agreement and subject itself to any and all financial liability associated with a breach of contract to said Standard Agreement. In the event of a breach of contract, the City of Sebastopol could be liable for up to \$6,449,235 - the total amount of the grant funds awarded - but the City also understands that SVdP shall be in first position to refund the grant in the event of a breach of contract.

SVdP's Responsibilities

- a) SVdP shall always be the primary party "in first position" responsible for repaying any fees, damages, or refunds associated with the project.
- b) SVdP agrees to indemnify the City of Sebastopol for any financial liability associated with the project the City could incur as the result of a breach of contract.
- c) To sufficiently guard against financial default during the construction phase of the project (construction phase shall be defined as from the time of execution of the Standard Agreement until the City issues a certificate of occupancy), SVdP shall maintain a capital reserve, or line of credit, of \$671,215. which shall serve as a project contingency to cover any construction cost overruns.
- d) To ensure ongoing operational capacity for the full 15-year term of the project, SVdP agrees to immediately deposit \$671,215 (the operating subsidy) into an operating account, which the City will be able to monitor at any time. At the end of the first operating year, SVdP shall determine the year-end budget actuals and any deficit that may have been incurred. Whatever said deficit amount is, SVdP will pull from its unrestricted, general operations account, and deposit into the project's operating account to pay for the subsequent operating year. Once complete, SVdP shall submit to the City a copy of the budget, budget actuals, and despot slip to cover the subsequent year's operating loss. This process shall be repeated every year, for 15 years, or until the Standard Agreement becomes void.
- e) To help offset costs for the City of Sebastopol, SVdP agrees to fund contract staff support for the City. Funding shall be limited to submitting reports to HCD, as requested or required by HCD (e.g. milestone reports and milestone extension requests), annual project budget submissions and actuals, development of the regulatory agreement, and execution of the standard agreement. This commitment shall remain in effect for the full 15-year life of the project.

DISCUSSION:

The City has requested SVdP provide an update on the Gravenstein Commons project, located at the former Horizon Shine site on Gravenstein Highway North. As of the date of this report, construction has begun on the site. A groundbreaking ceremony is scheduled for September 4, 2025, at 12:00 p.m.

To promote transparency and community engagement, the City with SVdP is preparing a set of Frequently Asked Questions (FAQs), which will be posted on the City website and shared on social media. A copy will be attached for reference once completed.

In addition to providing a status update, this presentation is also an opportunity for SVdP to address similar questions and concerns raised by community members regarding Elderberry Commons. By responding to the community concerns of Elderberry Commons in the context of Gravenstein Commons, SVdP can clarify how lessons learned from Elderberry Commons are being applied, and provide assurances on management practices, security, tenant support, and community engagement moving forward.

This informational presentation is intended to provide the City Council and community with updates on the status of construction, next steps, an overview of the long-term operational and financial management for Gravenstein Commons..

STAFF (RESPONSIBLE DEPARTMENT) ANALYSIS:

The Gravenstein Commons project is intended to address homelessness in Sebastopol by transitioning individuals from temporary encampments and the safe parking program into permanent supportive housing. SVdP has agreed to be monitored by the City, including the City's right to request dated bank statements at any time to transparently review available cash on hand and the rate of expenditure. The City's consultant, 8th Wave, has been instrumental in assisting with reporting requirements and oversight.

Staff also recognizes that questions have been raised in the community regarding the operations of the Elderberry Commons project. These concerns highlight the importance of transparency, proactive communication, and consistent monitoring. The Gravenstein Commons agreements include additional safeguards, such as required reserves, operating subsidies, and ongoing financial reporting, to help ensure long-term stability and address community expectations.

Both SVdP and the City continue to evaluate operational funding opportunities as programs are changing and coming online. It is recommended that SVdP and the City meeting regularly (monthly or quarterly) for updates on the status of the project and that these updates be posted on the City website building transparency and trust

CITY COUNCIL LIAISON ANALYSIS:

At the Homeless Coalition Meeting on August 27th, 2025, the Coalition discussed: Overview of Permanent Housing Standards and Operation. The following items were approved at this meeting:

Creation of consistent approaches for existing and future PSH projects.

- Gather Board Feedback
- Solicit from Board members, PSH service providers, property management agencies, community representatives, and individuals with lived experience on key priorities and focus areas.
- Review and Research Best Practices
- Examine evidence-based models for PSH service delivery, property management, and community engagement.
- Local Data and Myth-Busting
 - Collect and analyze data from current PSH projects to measure outcomes, effectiveness, and neighborhood impacts.
 - Use this data to dispel common myths about PSH and build community confidence.
- Develop Guidance Materials
 - Draft a PSH Manual that includes:
- Roles and responsibilities of service providers and property managers in PSH projects.

- Standard practices for supportive service delivery.
- Sonoma County Homeless Coalition Board August 27, 2025
- Good Neighbor Policies and communication templates.
 - Develop a guide that Coalition board members and Lead agency staff leadership can use when engaging with community leaders and neighbors to hear concerns, share outcomes data, and build understanding of PSH before projects are opened.

CITY COUNCIL GOALS/PRIORITIES/ AND OR GENERAL PLAN CONSISTENCY:

This agenda item represents the City Council goals/priorities as follows:

Goal 4 – High Performance Organization

Achieving staffing/ Program targets that match best standards and efficiency/operational staffing efficiencies/baseline budgets/performance management

FISCAL IMPACT:

There is no fiscal impact with this approval.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to schedule meeting date. The City has also used social media to promote and advertise the City Council Meeting Agenda Items.

As of the writing of this agenda item report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this agenda item report, such comments will be provided to the City Council as supplemental materials before or at the meeting.

RESTATED RECOMMENDATION:

That the City Council receive an informational presentation from St. Vincent de Paul regarding the Gravenstein Commons project.

CITY COUNCIL OPTION(S):

None. This is an informational item.

ATTACHMENT:

FAQs (will be attached once received)

SVdP Presentational Slides (will be attached once finalized)

APPROVALS:

Department Head Responsible for Agenda Item:

Approval Date: 8-28-2025

CEQA Determination (Community Development/Planning):

Approval Date: 8-28-2025

The action is not a project under the California Environmental Quality Act (CEQA). 8-28-2025

Administrative Services (Financial):

Approval Date: N/A

Costs authorized in City Approved Budget: Yes No N/A

Account Code:

City Attorney Approval

Approval Date: 8-28-2025

City Manager Approval:

Approval Date: 8-28-2025

GRAVENSTEIN COMMONS FAQ

Prepared by Saint Vincent De Paul

1. What is the Project's Construction Budget and how will it be funded?

The budget, as provided to us by our General Contractor, Holly Construction, is \$7,011,558. We have received \$6,449 million from the California Department of Housing and Community Development, and we have raised \$335,000 in private donations to date. Back in June of 2025, DHS Director Nolan Sullivan made a good faith effort to secure \$990,000 in HHAP and TAY turnback for this project by routing it through a public process via the Board of Supervisors' consent calendar, which was scheduled to appear on August 26th, 2025. However, on August 13th, Director Sullivan called Jack Tibbetts to notify him that County Counsel and the Purchasing Department denied his request to place the funding request on the Board's agenda, leaving the project unfunded by the County at this time. That said, however, the County is aware of our need, they are aware of their obligation, as outlined in the commitment letter, and they are actively referring us to funding opportunities via the NOFA process. SVdP is currently applying for \$1,000,000 through the Measure O NOFA, with award announcements expected to be made in November of 2025. Separately, according to Supervisor Lynda Hopkins, the County is exploring another NOFA using HHAP 3 turnback funds, with a quick turnaround time that could be as short as seven days. That NOFA is anticipated to occur at the end of 2025. We (SVdP) will apply for both NOFAs, and we are always fundraising through private parties for the project as well. But should SVdP fail to receive an award from either of the two upcoming NOFAs, SVdP will begin taking legal action against the County, as it very well may be the only legal and regulatory path forward to securing the promised funding.

2. How will cost overruns be funded?

Cost overruns will be funded by a combination of private and public sources, and our fundraising efforts continue. In addition, the prior director of the Sonoma County Department of Health Services (DHS), Tina Rivera, previously committed in a letter to provide \$3 million to pay for capital costs and operating expenses. We are currently seeking to have that funding formally awarded to the project.

3. When will construction be completed and when are residents anticipated to move-in?

We expect the first resident to move in in May of 2025. We expect to have achieved 90% occupancy by June 1, 2026.

4. How will ongoing operations be funded? How many years of operations are currently funded?

Our anticipate annual operating expenses are at \$274,368 per year. Ongoing operations

are still planned to come from Section 8 Housing Vouchers and/or Project-based Vouchers (PBVs). Currently, the Trump Administration has proposed a 45% cut to Section 8, PBV's and Emergency Housing Vouchers (EHVs), but it is currently unknown at what level these proposed cuts will be approved by Congress and implemented. Should the 45% cut come to pass, the State of California and the County of Sonoma will have the opportunity to backfill the cut (which is what the Trump Administration is hoping for). Additionally, SVDP has identified other available funding sources that were not currently proposed to be cut, such as funding for transitional-age youth (TAY).

In addition, we will continue to seek grant funding from the State and County, including appropriation of the DHS' previous \$3 million commitment.

Finally, should all of these options be exhausted, SVDP still has a line of credit on our Thrift Store with a credit of \$1,468,722. This would provide us with roughly 4.5 years of operational funding. Please note: the "monitoring period" for HCD is 5 years from the execution of the Standard Agreement, so this line of credit should extend beyond the monitoring period, because the monitoring period began once we signed the Standard Agreement on November 6th, 2024. Additionally, we could explore other options with HCD, such as a cash out refinance to pay back a prorated amount of the Homekey Award and converting the units to market rate units.

5. How will cuts to federally funded housing vouchers impact the project's financials?

Apples to apples, if we apply the 45% cuts to vouchers to our housing project, our revenues would decrease from roughly \$435,000 per year to \$239,250. Our anticipated expenses are currently pegged at \$274,368. This would leave us with a net operating loss of (\$35,118) per year, assuming no other funding sources are secured. We would supplement that loss with (in this hierarchical order):

- 1.) Private donations
- 2.) Revenues from our Thrift Store
- 3.) Backfilling with our line of credit

In addition, we will continue to seek grant funding from the State and County, including appropriation of the DHS' previous \$3 million commitment.

While we cannot say for sure if a 45% cut to housing vouchers will directly translate to a 45% cut in revenue (it could be more, it could be less), covering a net operating loss of \$35,118 is de minimus.

6. What backup funding sources does SVdP have to ensure that the City has no financial responsibility for the project?

The City and SVdP have entered into an agreement whereby SVdP will be in the “first position” for paying costs associated with the Project and indemnify the City from any financial liability arising from a breach of the Project’s agreement with HCD. To ensure ongoing operations for the full 15 year terms of the project, SVdP has agreed to maintain \$671,215 in an operating account as a reserve. In the event all other funding sources cease, this reserve will fund more than 2 years of operating expenses.

SVdP has the following additional backup funding sources to fund the ongoing operations of the project:

- 1.) Private Donations
- 2.) Revenues from our Thrift Store
- 3.) Backfilling with our line of credit.
- 4.) SVDP owns 5 properties that are always available to borrow against, or sell, to meet cash flow needs.

7. Will SVdP be conducting annual financial audits and will copies of the audit be provided to the City?

Yes, absolutely. We conduct a standard audit and a more rigorous single audit every year. These will be made available to both the City of Sebastopol and the State of California.

8. As a co-applicant, will the City have access to all reports SVdP files with the state?

Yes, absolutely. Currently, we provide them to the State of California and we copy your consultant, Robin Stefani, when we submit them. We are currently in good standing with the State.

9. Who will manage the property? How many staff will be present on the property and during what hours?

The property will primarily be managed by a 24/7/365, live-in resident manager. The property will also have 1.4 FTE Case management, which equates to a case manager being on site every day (seven days a week). At a minimum, the City can expect two staff to be on site during the day. It is also anticipated that our Housing Director will make his office out of the Gravenstein Commons for the first one to two years. This is intentional, because we feel this level of presence and oversight from director-level management is important during the startup phase. We like to post our most experienced and knowledgeable people in new housing environments so they can see, learn, and address any problems in real time.

10. What supportive services will be provided on the property and who will be the service provider?

SVdP is the service provider. Our case managers are experienced, either with an academic/professional background in case management, and/or lived experience. Our

staff are trained in trauma-informed care, CPR/First Aid, and SOAR. We also have a partnership with the Providence Street Outreach Team, who will provide regular and routine check-ins with our residents to support their medical needs. We provide these services at a minimum. However, part of SVdP's unique approach is that we like to use our PSH communities as a services HUB for other nonprofit service providers conducting their own outreach. Namely, we host monthly "Wellness Fairs" where dozens of other service providers attend and connect directly with residents. In the past, we have had medical nonprofits (FQHC's), nonprofit hospitals (Providence Street Outreach Team), Canine's without Borders, county agencies, among others, participate. For a full list of participating providers, please feel free to email our Housing Director, Uriel Brena, at ubrena@svdp-sonoma.org.

11. What is SVdP's plan to ensure a successful opening of the property?

We plan to have services available to people upon entry, be fully staffed before the first person moves in, and provide security for the first six months as people get settled in. Should additional security be needed, we will extend, accordingly.

12. What security measures will be at the property? Will there be security personnel on site 24/7?

There will be security, but not 24/7. We will follow our experience at the St. Vincent de Paul Commons in Santa Rosa, where we had security at night. This makes the most sense, because this is when the case managers are home with their families. During the day, when case managers are present, there is never a need for security, because people are being managed by trained staff who they have a preexisting relationship with. Even at night, in addition to security, the resident manager will be present and available to respond to an incident. In reality, the only thing a security guard will do is provide a basic sense of authority, and be there to prevent any "drop-ins" from arriving and setting up camp. *Please note: this site will not allow drop-ins.* SVdP does not take people in off the street and serve them. Only leased residents are served here. Additionally, there property is secured by a tastefully designed locked gate, adjacent to the building, which acts as a natural wall/barrier. This will greatly limit access to those who are residents and their prearranged guests. There will also be security cameras in the common areas and facing the street.

13. How are you planning to address concerns related to safety, loitering, or impacts on nearby public spaces?

If there are nuisances, then SVDP staff and/or security will contact the individual. In our past experiences, initial and focused management on the outset quickly quells any assumptions among the homeless population that they can, or will, be served at the area. Upon explaining that we are not a drop-in center, and after repeated interventions by staff and security, people tend to move along to areas with drop-in services. *Agenda Item Number: 18*
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in that will be evicted and removed from the area. We do not expect any significant public safety issues at the Gravenstein Commons, but should any occur, those actions are met with swift consequences.

14. Will there be a Good Neighbor Policy? Can the community participate in shaping it?

While we are open to participating in a good neighbor policy, SVdP has an outstanding track record of working with neighbors through the establishment of an Advisory Council. We did this in Oakmont during the establishment of the highly controversial Los Guilicos Village. We took some of our most vocal critics and asked them to participate on the Council, and they became supporters of our work and methodologies. It was very successful, and any members of the City Council, staff, or public are encouraged to reach out to the Oakmont Village Association for reference. We are willing to replicate this successful model in Sebastopol, because as events and scenarios change, there is always an advisory panel to help us (SVdP and the community) to shape policy. More importantly, it provides the community with ongoing transparency. We can commit to create an Advisory Council within 30 days of the first resident moving in, should Sebastopol wish to do so, and we welcome a representative from the City to participate as well.

15. Who should community members contact with concerns or complaints regarding construction or operation of the project?

Jack Tibbetts, Executive Director, St. Vincent de Paul: (707) 495-7438, or by emailing jtibbetts@svdp-sonoma.org.

Once the project has been constructed, and a Resident Manager hired, we will provide the public with their contact information.

16. What outreach will be done with residents and businesses that are located near the project?

Yes. Expect canvassing to begin on or around March 30th, 2026.

17. Will the site be alcohol and drug free?

No. The State of California requires all HCD-funded project to be “low-barrier.” Meaning, someone cannot be evicted or removed for consuming drugs or alcohol. SVdP does make strides to get people involved in Narcotics Anonymous and Alcoholics Anonymous, and/or attend rehab. We even hosted meetings at our Santa Rosa location, and we will seek to establish meetings at this location, also. Please note: SVdP prefers drug and alcohol-free housing, and we make efforts to make it so. However, we are bound by policies emanating from the State of California. We encourage anyone who disagrees with this low barrier policy to email their legislators and Governor.

18. Will tenants be evicted for breaking the law or the terms of the lease?

Yes. However, at SVDP, we always believe in mercy and second chances, so we look at every case and situation uniquely, and ~~City Council Meeting Packet for Meeting of September 2, 2025~~ **Agenda Item Number: 18**
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persons unique, individual outlook (e.g. employment advances, sobriety, etc.) we may choose to continue their tenancy and support their progress. However, there are certain things, such as violence and threats of violence, that we have a zero-tolerance for and they will be evicted immediately. Other issues we are mindful of are tenants having guests who overstay the lease's allowable time, derelict vehicles sitting unregistered, and similar lease violations, which we enforce, because doing so maintains a clean, safe, and positive housing environment.

19. What is their policy for guests visiting the property? How will you ensure guests are not causing crime or nuisance?

We allow every tenant to have up to one additional overnight guest for 10 days per year. Guests are required to sign in with the Resident Manager so we can track who they are and the duration of their stay. Residents may also have non-overnight guests visit the property, as would be the case in any housing community. However, guests who are deemed a nuisance are removed by staff.

20. How are residents selected to live at the property?

Residents are selected and referred through the Continuum of Care, based on the selection criteria, which SVdP and the City can determine together. This gives the City and SVDP *some* control of who will enter and what their level of need is.

Examples of selection criteria include, but are not limited to:

- Community Prioritization/Regional Selection
- Subregional by-names List
- Elderly
- Transitional-age Youth
- Voucher Assigned
- Etc.

21. Will SVdP commit to have regular meetings with City staff to hear and address concerns when the project opens?

Absolutely, and we have always expected to be available to the City and its staff.