



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda
Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Behavioral
Wellness/Probation
Department No.: 043/022
For Agenda Of: January 12, 2021
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Alice A. Gleghorn, PhD, Director
Director(s) Department of Behavioral Wellness (805) 681-5220
Tanja Heitman, Chief Probation Officer, Probation Department,
(805) 882-3652
Contact Info: Pamela Fisher, PsyD. Deputy Director of Clinical Operations,
Department of Behavioral Wellness, (805) 681-5220
Laura Zeitz, RN, Division Chief, Housing, Placements and
Inpatient, Department of Behavioral Wellness, (805) 681-5220
Kimberly Shean, Deputy Chief Probation Officer, Probation
Department, (805) 882-3675

SUBJECT: Approval for the County of Santa Barbara to submit a joint application for State No Place Like Home (NPLH) competitive and non-competitive funds with Sanctuary Centers of Santa Barbara, Inc.; adopt resolutions authorizing the Department of Behavioral Wellness to act on behalf of the County in connection with an award of NPLH funds; and approve a conditional reservation of \$1,500,000 of Public Safety Realignment Plan funds for the Sanctuary Centers Project (Supervisory District 2).

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

A. Adopt a Resolution that:

1. Authorizes the County to submit a joint application with Sanctuary Centers of Santa Barbara, Inc. (Sanctuary) as developer-borrower to the California Department of Housing and Community Development (State HCD) for No Place Like Home (NPLH)

- non-competitive loan funds for the proposed development of supportive affordable housing at 115 W. Anapamu Street, Santa Barbara, California (APN 039-222-002); and
2. If funds are awarded, authorizes and directs the Director of the Department of Behavioral Wellness, or her designee, to act on behalf of the County in connection with an award of NPLH non-competitive program funds;
- B.** Adopt a Resolution that:
1. Authorizes the County to submit a joint application with Sanctuary as developer-borrower to the State HCD for NPLH competitive loan funds for the proposed development of supportive affordable housing at 115 W. Anapamu Street, Santa Barbara, California (APN 039-222-002); and
 2. If funds are awarded, authorizes and directs the Director of the Department of Behavioral Wellness, or her designee, to act on behalf of the County in connection with an award of NPLH competitive program funds;
- C.** Direct the Director of the Department of Behavioral Wellness, or her designee, to return to the Board for further direction prior to exercising the authority delegated to her pursuant to Recommended Actions A and B;
- D.** Approve a conditional reservation of \$1,500,000 of Public Safety Realignment Plan Community Corrections Partnership (CCP) funds to Sanctuary, which will reserve the CCP funds for the proposed development of supportive affordable housing at 115 W. Anapamu Street, Santa Barbara, California (APN 039-222-002);
- E.** Authorize the Chief Probation Officer to sign a letter indicating the conditional reservation of funds to Sanctuary per Recommended Action D; and
- F.** Determine that the recommended actions:
1. Are not a project subject to California Environmental Quality Act (CEQA) pursuant to: CEQA Guidelines section 15378(b)(4), finding that the actions are the creation of a governmental funding mechanism or other government fiscal activity, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and Public Resources Code section 21163.1, which states that a decision by a public agency to seek funding from the No Place Like Home Program does not constitute a “project”; and
 2. Are otherwise within the scope of the Notice of Exemption (NOE) adopted by the City of Santa Barbara and posted by the Santa Barbara County Clerk of the Board on December 15, 2020, in which the City found that Sanctuary’s proposed development is exempt from CEQA pursuant to CEQA Guidelines section 15332 because it consists of an Infill Development Project.

Summary Text:

Sanctuary Centers of Santa Barbara, Inc. (Sanctuary) proposes to construct thirty-four rental units on property currently owned by Sanctuary located at 115 West Anapamu Street, Santa Barbara, California (hereinafter referred to as “Hollister II”). Sixteen of the units will be designated NPLH for homeless persons with a diagnosis of a serious mental illness, and eighteen units will be for justice-involved individuals with a serious mental illness who are also experiencing homelessness or at risk of experiencing homelessness with an area median income (AMI) of 20%.

Approval of the recommended actions would authorize the Board to adopt two resolutions authorizing the Director of Behavioral Wellness (Be Well) to submit a joint application with Sanctuary to apply for non-competitive and competitive NPLH funds and, if funds are granted, to act on behalf of the County in connection with an award of such funds (Attachments A and B). The recommended actions include direction to the Be Well Director to first return to the Board prior to her exercising the authority delegated to her pursuant to Recommended Actions A and B. Additionally, approval of the reservation of \$1,500,000 of conditional CCP funds and authorization to send the letter regarding this reservation to Sanctuary (Attachment C) will make a more competitive NPLH application. The City of Santa Barbara (City) adopted a NOE, which was posted by the Santa Barbara County Clerk of the Board on December 15, 2020, in which the City found that Sanctuary's proposed development is exempt from CEQA pursuant to CEQA Guidelines section 15332 because it consists of an Infill Development Project (Attachment D). Additionally, the Public Resources Code section 21163.1 states that a decision by a public agency to seek funding from the No Place Like Home Program does not constitute a "project" under CEQA.

Background:

No Place Like Home:

On July 1, 2016, Governor Brown signed legislation enacting NPLH to dedicate up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons with serious mental illness who are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. Funding can be used for acquisition, construction, or rehabilitation of housing, and to subsidize extremely low rent levels over 20 years. The bonds are repaid with Mental Health Services Act funds.

The State is allocating funds to counties on a competitive and non-competitive basis. State HCD awarded to Santa Barbara County \$2,582,696 in NPLH non-competitive funding in August of 2018. The County must allocate all of its non-competitive funding by 2022. The County has already allocated \$1,500,000 in non-competitive funds for West Cox Cottages with the Housing Authority of the County of Santa Barbara (Housing Authority) as developer-borrower. Be Well anticipates recommending the County apply for the final \$550,000 in non-competitive funding for another NPLH housing project with the Housing Authority in Spring 2021 and will return to the Board with that item at a future date. Be Well and Sanctuary will be applying for the remainder of the non-competitive allotment of \$532,696 for Hollister II.

On October 23rd, 2020, the State issued Round 3 of the competitive allocation Notice of Funding Availability (NOFA), in the amount of \$43,962,132 for medium-sized counties exclusively. On November 4th, 2020, the County's Community Services Department, Division of Housing and Community Development (CSD/HCD), published a NOFA to solicit applications for grants and loans for affordable housing developments and other capital projects, and for a variety of human services and homeless programs. This project was reviewed by the County's Capital Loan Committee (CLC) on November 4th, 2020, for feasibility, based on review of the construction budget, funding sources, and projected 15-year operating proforma, and consideration of a recommendation of approval by the Board of Supervisors.

Be Well and Sanctuary will be applying for \$4,426,856 in competitive NPLH funds in addition to the \$532,696 in non-competitive funds, for a total of \$4,959,552 in NPLH funding for Hollister II. The County will be required to enter into a Standard Agreement with the State HCD. Although the County would be a party to the Standard Agreement, the NPLH funds would be loaned directly to Sanctuary. Prior to executing the Standard Agreement with the State or any other NPLH documents for Hollister II, Be Well will return to the Board for approval.

Community Corrections Partnership

On October 1, 2011, the Public Safety Realignment Act (Assembly Bill 109) was implemented as a means of addressing overcrowding in California's prisons and in alleviating the State's financial crisis. The Act transferred the responsibility for specific inmates and parolees from the California Department of Corrections and Rehabilitation (CDCR) to counties. Additionally, it expanded the role of the Santa Barbara County Community Corrections Partnership (CCP), as established in the California Community Corrections Performance Incentives Act of 2009 (Senate Bill 678), and created a seven member Executive Committee which includes the Sheriff, the District Attorney, the director of Behavioral Wellness, the Chief Probation Officer, the Court Executive Officer, a Chief of Police and the Public Defender.

On October 12, 2018, the Santa Barbara County CCP approved \$2,450,000 in funding for supportive housing for justice-involved individuals reentering the community following a period of incarceration with the primary goal to increase housing access for this population. This \$2,450,000 was included in CSD/HCD's NOFA, revised on November 6, 2018, to solicit project applications. Sanctuary's application was reviewed by CSD/HCD and Probation staff and forwarded to CCP committees and working groups for review and funding recommendations. The Santa Barbara County CCP Executive Committee met on August 9, 2019 to review the Project and recommended funding (Attachment E). This Board Letter recommends the conditional reservation of \$1,500,000 to develop the Sanctuary Hollister II development pursuant to the Executive Committee of the CCP and CCP Workgroup recommendations. The reservation of funds letter (Attachment C) will leverage these funds to secure the \$4,426,856 competitive NPLH award.

The Hollister II Project

The proposed Hollister II development would be located at 115 West Anapamu Street, Santa Barbara, California (APN 039-222-002). Hollister II will consist of approximately 34 rental units – 16 units will be NPLH units for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness under a housing first model. The remaining 18 units will be for justice-involved individuals with a serious mental illness who are also experiencing homelessness, or at risk of experiencing homelessness, and with an area median income (AMI) of 20%.

Hollister II will have a 24-hour care center staffed with site managers who will function as property managers for tenants. Be Well will provide the required supportive services to NPLH tenants either onsite or at another easily accessible location for a minimum of 20 years. As Hollister II nears completion, Be Well will return to the Board for approval of the Supportive Services MOU, in a form substantially similar to Attachment F. The NPLH Guidelines require that a draft Supportive Services Agreement or MOU be submitted with the NPLH application.

Sanctuary Centers is leveraging the County's funds to raise private donations and foundation grants. Total project cost is currently projected to be approximately \$23,716,000.

Performance Measures:

Sanctuary Centers will submit to State HCD annual compliance reports and independent audits for Hollister II, prepared by a certified public accountant and in accordance with the requirements of the State's audit requirements. The County will submit an annual report for each of the NPLH assisted units. This data may be, but is not required to be, gathered from the Santa Barbara County Homeless Management Information System. Increased service capacity, decreased unsheltered homeless persons and any increase in the number of homeless persons entering permanent housing attributable to the Hollister II will be incorporated into the annual report. As the lead service provider of supportive services, the County will also provide services to NPLH tenants as outlined in the application and draft MOU (Attachment F).

Fiscal and Facilities Impacts:

Budgeted: Yes

The \$532,696 in non-competitive NPLH funds and \$4,426,856 in competitive NPLH funds will be loaned by State HCD directly to Sanctuary Centers, if grant funds are awarded for Hollister II, and upon execution of the NPLH Standard Loan Agreement. If awarded, the funds will be dispersed post-construction, with an initial loan period of at least 55 years.

The County's supportive service provided to NPLH Hollister II tenants will be funded by operating revenues from Hollister II (Attachment F).

The CCP funding amount is a conditional reservation only and Board Action on these items does not approve expenditures.

Key Contract Risks:

The State, County, and Sanctuary will enter into the NPLH Standard Agreement if funds are awarded which constitutes a conditional commitment of NPLH funds and requires the County to comply with the requirements and provisions of the Program statutes, the NPLH Guidelines, and generally applicable state contracting rules and requirements. The State provided a template Standard Agreement based on the first round of NPLH funding (Attachment G) which is subject to revisions by the State for Round 3 NPLH funding. Based on the "Round 1" template, the County would be jointly and severally liable for the obligations of Sanctuary and any limited partnership created by Sanctuary to facilitate financing. Once received, the Standard Agreement must be executed within 90 days, at which time the status of the Hollister II development will inform the risk of the County incurring any costs to complete it prior to execution.

If received, the NPLH allocation would be awarded to Hollister II as a post-construction, permanent loan underwritten and held by the State as lender. This loan would have an initial term of 55 years. Be Well would monitor the provisions of services to NPLH tenants required by NPLH, as outlined in the Supportive Services MOU with Sanctuary Centers (Attachment F).

The \$1,500,000 in CCP funding will be issued in the form of a loan and will be awarded to Sanctuary as a construction loan underwritten and held by the County as lender. This loan will be secured by the Promissory Note and Deed of Trust, and have a term of thirty (30) years, forgiven after the 30-year compliance period. The County Probation Department will monitor the property to ensure continued compliance of the Project with the Regulatory Agreement. Staff will return to the Board with loan documents, including a Promissory Note, Deed of Trust and Regulatory Agreement prior to issuance of CCP funds to protect the County's interests.

Staffing Impacts:

The current requested administrative activity falls within currently budgeted staff duties. Support Services needs will be evaluated once the project nears completion.

Special Instructions:

Please return one (1) Minute Order, one (1) complete copy of the executed NPLH Non-Competitive Funds Resolution, and one (1) complete copy of the executed NPLH Competitive Funds Resolution to cfoschaar@sbcbswell.org and bwelcontractsstaff@co.santa-barbara.ca.us

Attachments:

Attachment A: NPLH Non-Competitive Funds Resolution
Attachment B: NPLH Competitive Funds Resolution
Attachment C: CCP Conditional Reservation Letter
Attachment D: City of Santa Barbara CEQA NOE
Attachment E: August 9, 2019 CCP and CCP Executive Committee Meeting Minutes
Attachment F: Draft MOU with Sanctuary Centers
Attachment G: NPLH Round 1 Template Standard Agreement

Authored by:

N. Rossi/A. Foschaar