



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:** Community Services  
**Department No.:** 057  
**For Agenda Of:** October 20, 2015  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

---

**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director (805-568-2467)  
Director(s)  
Contact Info: Dinah Lockhart, Deputy Director (805-568-3523)  
A.J. Quinoveva, Housing Program Specialist, Sr. (805-560-1090)  
**SUBJECT:** Amended and Restated Restricted Use Covenant on Property Located at 816  
Cacique Street, Santa Barbara (District 1)

---

**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A) Approve and authorize the Chair of the Board of Supervisors to execute an Amended and Restated Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services (Attachment A); and
- B) Determine that taking the recommended action above is not the approval of a project that is subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and direct staff to file a Notice of Exemption (Attachment B).

**Summary Text:**

The Amended and Restated Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services ("Covenant") will apply to the property located at 816 Cacique Street, Santa Barbara ("Property"), on which PATH provides shelter and services to homeless persons. The Covenant will continue to restrict the use of the Property for the provision of shelter and related services to homeless persons until 2059; however, it will address changes related to the operation of the Property, including:

- Change in ownership of the Property to PATH following Casa Esperanza Homeless Center's merger with and into PATH finalized on July 1, 2015;
- Change in the Property's operator to PATH Santa Barbara; and
- Revisions to the Program Description contained in Exhibit B to the Covenant for consistency with the Conditional Use Permit for the Property issued by the City of Santa Barbara ("City").

The recommended action preserves the County of Santa Barbara's interest in the enforcement of a sixty-year restricted use covenant originally placed on the Property in 1999 as a condition of funds loaned by the County of Santa Barbara ("County") and City to the Property's initial owner for its acquisition.

**Background:**

In 1999, the County provided a fifteen-year, zero-interest loan to the Coalition to Provide Shelter and Support to Santa Barbara Homeless ("Coalition"), the predecessor to Casa Esperanza Homeless Center ("Casa Esperanza"), in the amount of \$500,000 for the acquisition of the property located at 816 Cacique Street, Santa Barbara ("Property"). The City made a similar loan in an equal amount to the Coalition. A Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services ("Original Covenant") (Attachment C), to which both the County and City are parties, was recorded against the Property and limited its use to a day center and overnight shelter for homeless persons until 2059. If the Coalition, or its successors, fulfilled the terms of the loan, the loan was to be forgiven at the end of its fifteen-year term in 2014. The Original Covenant, however, would remain in effect.

Casa Esperanza requested an amendment to the Original Covenant in 2013 in response to changes to its program model. Significant among these changes was the discontinuation of the day center. On September 17, 2013, the Board of Supervisors approved a First Amendment to the Original Covenant (Attachment D) that revised the Program Description contained in Exhibit B to the Original Covenant and eliminated the requirement to operate a day center. This amendment allowed Casa Esperanza to remain in compliance with the terms of the Original Covenant and its loan agreement with the County. Having satisfied the terms of the loan agreement, Casa Esperanza's loan from the County was forgiven in 2014.

*Merger with PATH and Amendment and Restatement of Original Covenant*

On July 1, 2015, Casa Esperanza finalized its merger with and into PATH, a non-profit corporation with corporate offices in Los Angeles that provides shelter, housing, and related services to homeless persons. All assets and liabilities held by Casa Esperanza were assumed by PATH. On June 23, 2015, the Board of Supervisors approved and consented to PATH as the acceptable operator of the Property, subject to the merger, as required by the Original Covenant.

Given changes in the ownership and operation of the Property, the County and City drafted an Amended and Restated Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services ("Covenant") (Attachment A), which will continue to restrict the use of the Property for the provision of shelter and related services to homeless persons until 2059; however, it will contain the following major changes from the Original Covenant and First Amendment to the Original Covenant:

- Identifies PATH as the owner of the Property;

- Identifies PATH Santa Barbara as the operator of the Property;
- Requires that PATH submit a report to the County and City once annually that describes overall operations and provides statistical information on homeless persons served;
- Requires the County and/or City to provide written notice to PATH of any violations of the Covenant and to provide a 30-day cure period before taking legal action to correct the default; and
- Modifies the Program Description contained in Exhibit B to the Original Covenant and amended by the First Amendment to the Original Covenant to (1) limit the monthly average of beds provided to 200 per night during the winter season (December 1 to March 31); (2) allow the City's Community Development Director to extend the availability of beds as during the winter season, at the request of the operator, due to weather conditions; and (3) specify that up to 100 beds may be provided per night during non-winter seasons (April 1 to November 30).

The modified Program Description reflects the limitations set by the Conditional Use Permit for the Property issued by the City on the number of beds that can be provided per night during specific periods. The Conditional Use Permit allows the operator to provide up to 230 beds on any given night during the winter season, which is consistent with the terms of the Covenant and Original Covenant. It further specifies that the monthly average of beds provided per night cannot exceed 200 during the winter season. During non-winter seasons, up to 100 beds can be provided per night as per the Conditional Use Permit.

Requirements regarding segregated sleeping areas for men, women, and children; client sobriety; and the provision of supportive services and accommodations, such as showers and towels and a secured space for bicycles, were eliminated from the Program Description to resolve conflicts between the Original Covenant and the Conditional Use Permit. The elimination of these requirements from the Covenant does not preclude the operator from implementing them.

**Fiscal Analysis:**

The County Executive Office is identified as the contact for the Covenant; however, the Community Services Department (CSD) will monitor PATH and any successor's compliance with terms of the Covenant. CSD does not anticipate additional staffing costs or impacts associated with the Covenant's enforcement as the only on-going requirement that will be monitored is the submittal of annual reports by PATH and any successors on the operations occurring and clientele served at the Property until the Covenant's expiration in 2059.

**Key Contract Risks:**

The Covenant does not present financial risks to the County as it does not involve an outlay of funds to PATH. The Original Covenant was recorded against the Property as a condition of a loan provided by the County to the Property's initial owner in 1999, which has since been forgiven.

**Special Instructions:**

Please email an electronic copy of the Minute Order to A.J. Quinoveva at [aquinoveva@co.santa-barbara.ca.us](mailto:aquinoveva@co.santa-barbara.ca.us). Please execute four (4) originals of the Amended and Restated Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services and return three (3) originals to A.J. Quinoveva (x1090).

**Attachments:**

- A. Amended and Restated Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services
- B. CEQA Notice of Exemption
- C. Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services
- D. First Amendment to Restricted Use Covenant Imposed on Real Property for the Operation of a Homeless Shelter and Related Services