



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: Probation
Community Services
Department No.: 057, 022
For Agenda Of: December 13, 2022
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO:

Department George Chapjian, Community Services Director (805) 568-3407
Director(s) Tanja Heitman, Chief Probation Officer (805) 882-3652
Contact Info:
Dinah Lockhart, Deputy Director (805) 568-3523

**SUBJECT: Sanctuary Centers Hollister II Apartments– Public Safety Re-Alignment
Community Corrections Partnership Loan Supervisorial District 1**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

- a) Approve and authorize the Chair of the Board of Supervisors to execute an original and duplicate originals of the following documents in connection with a 30-year, 0% interest, forgivable loan in the original principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000) of Public Safety Realignment reserve funds to Sanctuary Centers of Santa Barbara, Inc. (Sanctuary Centers) as the owner and developer of the Sanctuary Centers Hollister II Apartments project (Project) located at 115 W. Anapamu St., Santa Barbara, California, Assessor's Parcel Number 039-222-002 (Property): 1. County CCP Loan Agreement; 2. County CCP Loan Promissory Note; 3. County Deed of Trust, Assignment of Rents, and Security Agreement; and 4. County Regulatory Agreement (collectively, the "CCP Loan Documents");
- b) Accept the City of Santa Barbara's Notice of Exemption filed with the County Clerk of the Board on December 15, 2020, which finds the Sanctuary Project is Exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15332 as an in-fill development.

Summary Text:

The Board is asked to approve a 30-year, 0% interest, forgivable loan in the original principal amount of \$1,500,000 in Public Safety Realignment reserve funds to Sanctuary Centers as the owner and developer of the Project (CCP Loan). The Project will consist of the construction of 34 apartment units and offices for an Integrated Care Clinic and Co-Occurring Disorders program. Sixteen (16) of such apartment units will be reserved for the Community Corrections Partnership (CCP) referrals made by the Probation Department during the 30-year term of the Loan. The Probation Department will refer justice-involved individuals under community supervision to the Project. The City of Santa Barbara filed a Notice of Exemption with the County Clerk of the Board on December 15, 2020, which finds the Project is exempt under the California Environmental Quality Act (CEQA) Guidelines Section 15332 as an in-fill development (Attachment E).

Background:

On November 6, 2018, the Board of Supervisors (BOS) approved the Santa Barbara County Fiscal Year (FY) 2018-2019 Public Safety Realignment Act Plan modification to allocate \$2,450,000 in reserve funding for supportive housing, as recommended by the CCP and approved by the Executive Committee of the CCP on October 12, 2018. Specifically, the allocation included up to \$1.5 million of one-time reserve funds for development or rehabilitation of “brick and mortar” permanent housing for high to medium risk justice-involved individuals subject to community supervision by the Probation Department. Additionally, up to \$800,000 of the \$2.45 million allocation was designated for a two-year pilot program for supportive housing for high and medium risk individuals subject to community supervision by the Probation Department, and \$150,000 for a .5 FTE Housing Program Specialist for County Community Services Department/Housing and Community Development (CSD/HCD) to manage a Notice of Funding Availability (NOFA), review proposals for approval by CCP, and oversee contract invoicing, compliance and program monitoring for the aforementioned two-year pilot program period. These CCP funds were included in CSD/HCD’s NOFA in November 2018 to solicit project applications. Sanctuary Centers’ application was reviewed by CSD/HCD, the Probation Department, and CCP and CCP Workgroups for review and funding recommendations. The Santa Barbara County CCP Executive Committee met in August 2019, and approved the funding recommendation to allocate \$1,500,000 for the Project. Staff’s recommendation to approve the CCP Loan for the Project is consistent with the October 2018 and August 2019 direction and approval of the CCP Executive Committee. On January 12, 2021, the BOS approved a conditional reservation of Public Safety Realignment funds.

Sanctuary Centers/Hollister II

The Project involves the construction of a five-story, mixed-use building, which will provide 34 affordable residential studio apartments. The Project will include approximately 6,600 square feet of new supportive service space for a Co-Occurring Disorders Center and Integrated Care Clinic, offices, and meeting rooms to provide mental health and support services for residents. An existing eight-unit affordable apartment building will remain on the Property.

The CCP Loan will have a term of 30 years, will not bear interest, and will be forgivable at the end of the 30-year term, subject to borrower compliance with the requirement set forth in the CCP Loan Documents. The CCP Loan will be evidenced by a Loan Agreement (Attachment A), a Promissory Note (Attachment B), and shall be secured by a Deed of Trust recorded against the Property (Attachment C). A Regulatory Agreement (Attachment D), which secures performance of the reservation of 16 Project housing units for Probation Department program participants, will also be recorded against the Property. The CCP Loan will be subordinate to the construction and permanent loans made by First Republic Bank to Sanctuary

Centers for the Project. Significant to the success of this Project is State funding from multiple State agencies including No Place Like Home, Behavioral Health Capital Improvement Program and Social Services Community Care Expansion.

Performance Measure:

County HCD/CSD, in coordination with the Probation Department, will be responsible for monitoring the Project to ensure compliance with CCP funding requirements. County Behavioral Wellness will also be monitoring the provision of services to Project tenants being supported through NPLH and BH-CIP funding, as outlined in their Supportive Services Agreement with Sanctuary Centers. Data will be gathered from the County’s Homeless Management Information System (HMIS).

Contract Renewals and Performance Outcomes:

The Project will provide a total of 34 units of permanent supportive housing, 16 units of which will be reserved for Probation Department program participants.

Fiscal and Facilities Impacts:

Budgeted: **Fiscal Analysis:**

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			\$ 1,500,000.00
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ 1,500,000.00

Narrative:

The \$1,500,000 in Public Safety Realignment/CCP reserve funds are currently available for distribution via the CCP Loan Documents for the Project.

Key Contract Risks:

The County assumes responsibility for the administration of Public Safety Realignment CCP funding in accordance with all State requirements governing the use of such funds. In addition, the County would be liable as a pass-through entity for repayment to the State if it or any provider to which it sub-grants funds is found to be non-compliant with applicable requirements. The CCP Loan funds will be disbursed through escrow, as prescribed by the Agreement. CSD/HCD and Probation Department staff will assess the performance of Sanctuary Centers to determine if the services provided are adequate and as outlined in the Agreement. The Regulatory Agreement states that the County will monitor the Project’s compliance for 30 Years. The State’s Regulatory Agreement entails State monitoring of the Project for 30 years. Compliance with the CCP Loan terms and the Regulatory Agreement is secured by a Deed of Trust recorded against the Property.

Staffing Impacts: The requested activity falls within currently budgeted staff duties.

Special Instructions:

1. Please return one executed original of the Loan Agreement (Attachment A) and Regulatory Agreement (Attachment D) and a copy of the Minute Order to Kimberlee Albers at kalbers@countyofsb.org . Please email or call when ready for pick up 805-695-6333.
2. Please retain one set of the executed original Agreement for Clerk of the Board records

Attachments:

- A. Loan Agreement
- B. Promissory Note
- C. Deed of Trust, Assignment of Rents, and Security Agreement
- D. Regulatory Agreement
- E. City of Santa Barbara’s Notice of Exemption

Authored by:

Carlos Jimenez, Housing and Community Development Division.