



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

Submitted on:
(COB Stamp)

Department Name: Community Services
Department No.: 057
Agenda Date: April 8, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Jesús Armas, Community Services Director (805) 568-2467
Contact Info: Lucille Boss, Housing Programs Manager, (805) 568-3533
SUBJECT: Authorization to Apply for Homekey+ Funding

County Counsel Concurrence

As to form: Yes

Other Concurrence: Behavioral Wellness Department

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Authorize the Director of the Community Services Department (CSD), or designee, to submit to the State of California Department of Housing and Community Development (State HCD) a grant application for the 2024 Homekey+ Program in an amount not to exceed \$11,000,000 for the development and operations of a permanent supportive housing project at 429 N. San Antonio, Santa Barbara (Project 1), including all certifications, standard forms, and other related documents (Application);
- b) Authorize the Director of the CSD, or designee, to submit to the State HCD a grant application for the 2024 Homekey+ Program in an amount not to exceed \$6,000,000 for the acquisition, development, and operations of a permanent supportive housing project at 1621 Grand Ave., Santa Barbara (Project 2), including all certifications, standard forms, and other related documents (Application);
- c) Adopt two Resolutions authorizing the Application and participation in the Homekey Program, and the acceptance and administration of Homekey+ funds (Attachments A and B);
- d) Authorize the Director of the Community Services Department, or designee, to execute all certifications, standard forms, and local grant agreements, and other related documents required for the acceptance and administration of Homekey+ funds, subject to concurrence by Auditor-Controller, County Counsel and Risk Management; and
- e) Determine that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Section 50675.1.4, finding that the proposed "Homekey" project is to provide housing for individuals and families who

are experiencing homelessness. and that the project satisfies the requirements described more fully in Section 50675.1.4.

Summary Text:

Staff requests Board authorization to submit grant applications for funding to support the acquisition, development, and operations of two separate Permanent Supportive Housing (PSH) projects as follows:

1. Project 1: Application will request no more than \$11,000,000 in Homekey+ funds for the development and operations of the property located at 429 N. San Antonio, Santa Barbara.
2. Project 2: Application will request no more than \$6,000,000 in Homekey+ funds for the development and operations of the property located at 1621 Grand Ave., Santa Barbara.

Background:

It is important to note the intent of this board letter is only to seek authorization from the Board to apply for Homekey+ funding, and does not represent a commitment to proceed. Staff will consider asking the Board for such a commitment only after the status of the application is known and pro forma statements and all other information required to demonstrate financial viability are provided by the applicants. Regarding Project 1, there will be additional costs to the County because, if approved, it will be developed and operated on County property, and these additional costs must also be determined as acceptable before a commitment to proceed would be asked of the Board. The urgency from staff to seek permission to apply for this funding now stems from the fact that Homekey+ funding is “first-come, first-served”, and staff is seeking to reserve the requested funding amounts presented in this board letter until such time the other potential financial risks mentioned here can be determined as acceptable. Unlike many application processes, this round of Homekey+ does not have a specific deadline. Instead, grant applications will be accepted until available funding is exhausted.

Proposition 1, passed by California voters in March 2024, is a critical step in advancing the state’s goals to reduce homelessness and protect the most vulnerable populations through important changes to the Mental Health Services Act (MHSA). Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+, which is a subcomponent of BHIBA, is the funding source that provides capital support to develop PSH that specifically serves Veterans and individuals with behavioral health or substance use disorder challenges, all of whom are either at-risk of, or experiencing, homelessness. Building on the success of both Roomkey and multiple rounds of Homekey, Homekey+ continues the statewide effort to rapidly expand and sustain PSH for persons experiencing homelessness.

The Homekey+ Notice of Funding Availability (NOFA) was published on November 26, 2024. Beginning in October 2024, County staff convened a series of meetings with affordable housing developers to discuss future or existing projects that may possess strong potential for Homekey+ funding. These discussions reviewed multiple projects, from both local public housing authorities, service providers, and other nonprofit developers. CSD proposes submission of two grant applications for the acquisition, development, and operations of permanent supportive housing for persons moving from homelessness. In light of the County’s fiscal environment, staff notes here that each applicant has been advised to plan on the assumption that General Fund dollars will not be available to support capital or operational costs for either project throughout the duration of their tenure. A description of each project is presented below.

Project 1: 429 N. San Antonio, Santa Barbara, CA 93110: Permanent Supportive Housing for Families

This housing development is proposed to house 30 households (families with children), prioritizing families with a Veteran in the household. The request for the Board is to apply for up to \$11,000,000 in Homekey funds for the development (new construction) and operations of the property (up to \$9,000,000 in capital costs and up to \$2,000,000 in operational costs). DignityMoves has drafted a site plan and has worked with the Behavioral Wellness Department (BWell) to develop a services plan for this potential project. DignityMoves has developed three interim housing projects in Santa Barbara County, and has successfully applied for Homekey funding in two other communities in California. The site plan will include modular units similar to the cabins at existing interim housing projects, but each will include a bathroom, a kitchen, and two bedrooms, and there will be a separate family center unit for services such as case management and laundry. This parcel is owned by the County of Santa Barbara and was listed in the most recently adopted Housing Element Update as being available for a development such as described here. Furthermore, BWell can offer services to residents at the facility within the outpatient services system for Medi-Cal recipients.

Project 2: 1621 Grand Ave., Santa Barbara, CA 93101: Permanent Supportive Housing for Families

This development (rehab/remodel) is proposed to house 17 households experiencing homelessness, and also serve as an adult residential facility for 14 people with serious mental illness. The request for the Board is to apply for up to \$6,000,000 in Homekey funds for the acquisition, development, and operations of the property (\$4,000,000 in capital and at least \$1,428,000 in operating). PathPoint is a contractor through the Santa Barbara County Department of Behavioral Wellness (BWell) to provide a full-service partnership, called Paths to Recovery (PTR) for community members with serious mental illness. Many of the people in PathPoint's Permanent Supportive Housing are part of PTR. In PTR, the county provides psychiatrists, Cottage Health's St. Francis Parish Nursing Program provides nurses, and PathPoint provides case managers and qualified mental health professionals. The three entities collaborate to ensure that clients' mental and physical healthcare needs are met. PathPoint and the County have worked together since the inception of PathPoint's Behavioral Health Services in 1980, and PathPoint and Cottage Health's Nursing Program have collaborated since the inception of PTR in 2008. The project has been shared with City of Santa Barbara staff, and is supported by staff and elected leadership.

Performance Measure:

If the State awards Homekey funds, the co-applicants will be required to sign and record regulatory agreements to operate the projects as supportive housing for the target population of persons experiencing homelessness or at risk of homelessness for 55 years or risk the repayment of the Homekey funds to the State and any penalty. The State will conduct ongoing monitoring to assure that the Project is being administered in accordance with the Homekey Program. The State will enter into a standard agreement with the co-applicants.

Project 1: 429 N. San Antonio, Santa Barbara, CA 93110: Permanent Supportive Housing for Families

30 households will be served by this project. Other performance measures will be determined and included in an agreement with a service provider, if the project is funded. Dignity Moves works to end unsheltered homelessness by building Supportive Housing Villages using municipal land and modular construction, thereby reducing upfront purchase cost and time for construction. In the last three years they have built seven villages in California with a total of 415 units. Three of the villages are in Santa Barbara County with a total of 210 units. As of February 28, 2025, the three Santa Barbara Villages have served 471 residents.

Project 2: 1621 Grand Ave., Santa Barbara, CA 93101: Permanent Supportive Housing for Families

This development is proposed to house 31 total individuals/households, of which 17 are part of the Homekey application. Other performance measures will be determined and included in an agreement with PathPoint, if the project is funded.

Since 1980, PathPoint has provided Behavioral Health Services that offer a range of support for low-income community members with severe, persistent, psychiatric diagnoses. Support includes: affordable housing, residential services, case management, counseling, substance use treatment, and rehabilitative services. Most of PathPoint's services are geared toward connecting people with a history of homelessness to the right mental health and case management support that allows them to engage in recovery and live in the community. A variety of partners make this work possible including BWell, Cottage Health and the St. Francis Parish Nursing Program, the city and county Housing Authorities, and CenCal Health (the Central Coast's MCP).

PathPoint has a strong track record of administering high capital, multi-year grants from a variety of government organizations including Department of Health Care Services, CA Department of Social Services, CenCal Health, Department of Rehabilitation, Department of Developmental Services, the California Department of Transportation, and more. In the past, the organization has utilized these funds for items ranging from infrastructure and capital improvements to technology, transportation, pilot projects, and much more. Across all of its funders, PathPoint has a record of strong project implementation, adhering to reporting requirements, and meeting program measures.

With the County and the City's support, PathPoint will be able to meet all the project milestones associated with acquisition and rehabilitation of an existing facility. For this project in particular, the agency will need to complete construction within 12 months and complete all capital expenditures and occupancy within 15 months. PathPoint is under contract with Cottage Health who is the current owner of 1621 Grand Avenue. PathPoint has completed an in-depth due diligence process, and is also working with the City of Santa Barbara on land use. The building is currently vacant, so no relocation plan will be necessary – thus expediting the timeline. Because of PathPoint's strong relationship with the county, city, Cottage Health, and local contractors, the agency will be able to complete the project within the necessary timeline and efficiently expand the local housing continuum for the target population.

Fiscal and Facilities Impacts:

Staff will return with a fiscal and facilities impact analysis that demonstrates financial viability with the actual grant award amount, if either or both applications are successful.

Fiscal Analysis:

Staff will return with a fiscal analysis that demonstrates financial viability if either or both applications are successful. No general fund is anticipated to be used for operating costs.

Staffing Impacts:

Because the State enters into a standard agreement with the co-applicants for any approved project, the State conducts ongoing monitoring to assure that the Project is being administered in accordance with the Homekey Program. However, any approved project may require future compliance monitoring assistance to the State by CSD staff.

Special Instructions:

Please return signed Resolution(s) to Community Services Department.

Attachments:

Attachment A – Authorizing Resolution | 429 N. San Antonio

Attachment B – Authorizing Resolution | 1621 Grand Ave.

Authored by:

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