



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
Department No.: 043
For Agenda Of: October 1, 2024
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required:

Initial Majority
LN

TO: Board of Supervisors

FROM: Department Antonette Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, 805-681-5220
Contact Info: Laura Zeitz, Assistant Director and Division Chief of Housing
Placement/ Psychiatric Health Facility
Department of Behavioral Wellness, 805-681-5220

SUBJECT: California Department of Housing and Community Development Standard Agreement with Patterson Point, L.P. and Housing Authority of the County of Santa Barbara (HASBARCO) for No Place Like Home Competitive Allocation Round 4 Funds for the Patterson Point Project; and Memorandum of Understanding and Mental Health Supportive Services Agreement with Patterson Point, L.P. and HASBARCO in connection with the award of No Place Like Home funds for the Patterson Point Project (Supervisory District 2)

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness to execute, on behalf of the County, California Department of Housing and Community Development (State HCD) Standard Agreement No. 21-NPLH-17353 (Attachment A) with Patterson Point, L.P. (Partnership) and Housing Authority of the County of Santa Barbara (HASBARCO) as joint applicants for No Place Like Home program (NPLH) Competitive Allocation Round 4 funds for the Patterson Point affordable housing project, located at 80 N. Patterson Avenue, Goleta, California, APN 067-200-005 (Project), in an amount of \$2,325,459 for a term of thirty (30) years from the effective date of the State HCD Agreement;
- b) Approve and authorize the Director of the Department of Behavioral Wellness or designee to execute any amendments to Standard Agreement No. 21-NPLH-17353 and any and all other documents required or deemed necessary to secure NPLH Round 4 grant funds and participate in

the NPLH Program without having to return to the Board for approval, subject to the Board’s authority to rescind this delegated authority at any time;

- c) Direct the Director of the Department of Behavioral Wellness or designee to obtain concurrence from Risk Management and Auditor-Controller before exercising the delegated authority under Resolution No. 22-2, adopted January 11, 2022, and the above recommended action “b”;
- d) Approve and authorize the Director of the Department of Behavioral Wellness or designee to execute, on behalf of the County, a Memorandum of Understanding (MOU) with Partnership and HASBARCO that identifies the roles and responsibilities of the County, the project owner, and the property manager and commits the County’s provision of mental health supportive services for a period of twenty (20) years to NPLH tenants residing at the Project (Attachment B);
 - i. Delegate to the Director of the Department of Behavioral Wellness the authority to make immaterial changes to the MOU per section VII.B. of the MOU without requiring the Board’s approval of an amendment of the MOU, subject to the Board’s ability to rescind this delegated authority at any time;
- e) Approve and authorize the Chair to execute a Mental Health (MH) Supportive Services Agreement with Partnership and HASBARCO for the County’s provision of mental health supportive services to eligible NPLH tenants residing at the Project, wherein County shall be compensated **\$80,502** annually, subject to 3% annual increases thereafter, for a period of twenty years (Attachment C); and
- f) Determine that the approval of this item is not subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to California Government Code Section 65913.4(d)(2) as it being developed subject to SB35 and provides affordable multi-family rental housing opportunities.

Summary:

This item is on the agenda to request approval for the Director of the Department of Behavioral Wellness (BWell) to execute on behalf of County the Standard Agreement No. 21-NPLH-17353 with the California Department of Housing and Community Development (State HCD), Patterson Point, LP (Partnership), and the Housing Authority of the County of Santa Barbara (HASBARCO).

In addition, BWell requests approval of a MH Supportive Services Agreement with Partnership and HASBARCO for the County’s provision of mental health supportive services to eligible NPLH tenants residing at the Project. BWell also requests Board approval of a MOU with HASBARCO and Partnership regarding supportive services at the Project located at 80 North Patterson Avenue, the unincorporated area of Goleta (APN 067-200-005). Approval of the recommended actions will allow for the provision of housing and supportive services for homeless persons including those with a serious mental illness diagnosis.

Background:

On July 1, 2016, Governor Brown signed landmark legislation enacting the NPLH program to dedicate up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. NPLH provides funding and tools that allow the State HCD to address affordability issues associated with creating housing units that are specifically set aside for persons with serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless. Under the NPLH program, State HCD provides capital assistance to reduce necessary debt

service payments, therefore reducing operating costs and needed rent levels. State HCD may make loans to reduce the initial cost of acquisition and/or construction or rehabilitation of housing, and may set funds aside to subsidize extremely low rent levels over time.

Board Approval to Apply for NPLH Funds

On January 11, 2022, the Board adopted Resolution No. 22-2 which authorized the County to submit a joint application with Thompson Housing, LLC as developer to the State HCD for NPLH funds.

Thompson Housing, LLC proposed to develop a supportive affordable housing project at 80 North Patterson Ave, Santa Barbara California (APN 067-200-005) consisting of twenty-four studio units. Eleven of these units would be dedicated to NPLH eligible tenants who are chronically homeless and diagnosed with a serious mental illness. Eleven units will be designated for NPLH tenants with 30% or lower than the area's median income. The County had to commit to providing mental health services and help coordinate access to other community-based supportive services needed by NPLH tenants for a minimum of 20 years. To fund the eleven NPLH units, a joint application was made to State HCD for \$2,964,445 in NPLH Round 4 funds.

Project Sponsor

Thompson Housing, LLC, initiated the NPLH application as the project sponsor. Subsequently, the project sponsor was transitioned to a local nonprofit, Santa Barbara Housing Assistance Corporation (SBHAC), which submitted the NPLH application for the Project. Following the award of funds, the Partnership was formed with HASBARCO as a general partner, Surf Development Company as the managing general partner, and SBHAC as a general partner. The Partnership is the owner/borrower.

HASBARCO has partnered with BWell on six previous, similar projects that are in operation, and has three additional apartment developments planned with NPLH and similar State funding now in development. The housing retention rate in the existing projects is over 90% per year and the average length of stay is averaging nearly seven years, demonstrating the broad success of permanent supportive housing with adequate and appropriate services.

State HCD Standard Agreement No. 21-NPLH-17353

State HCD issued a standard agreement with the Partnership, County, and HASBARCO as parties. Except for State HCD, all parties (including the Director of BWell on behalf of County) signed on September 6, 2023. State HCD will sign the Standard Agreement following Board approval of this item.

Memorandum of Understanding

A component of the NPLH application was to provide a draft MOU identifying the roles and responsibilities of the County, the project owner, and the property manager. BWell advised the Board that the draft MOU provided on January 11, 2022, was for informational purposes only and that BWell would return to the Board to execute a final MOU (See Attachment B).

Mental Health Supportive Services Agreement

Subject to Board approval, Partnership, HASBARCO and County will enter into an MH Supportive Services Agreement by which County will provide mental health supportive services to eligible NPLH tenants residing at the Project (See Attachment C). BWell will coordinate the provision or referral to other services, including but not limited to, mental health and substance use services, for a minimum of 20 years in accordance with the Board's January 11, 2022 Resolution (No. 22-2). County shall commence performance upon the Project receiving its certificate of occupancy and end performance 20 years thereafter, unless earlier terminated. County will provide an onsite Behavioral Wellness or County-

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contracted case manager for .75 FTE hours per week.

In full consideration for County's services, the County will be reimbursed for its services under the MH Supportive Services Agreement. Reimbursement for services will be made by HASBARCO, as property manager of the Project and on behalf of the Patterson Point, L.P., to the County, on a quarterly basis. HASBARCO anticipates using the net operating income to reimburse County for services.

Project Status

Construction will begin upon Board approval. The estimated completion date is Fall of 2026.

Performance Measures:

HASBARCO will submit to State HCD annual compliance reports and independent audits for Patterson Point, prepared by a certified public accountant and in accordance with the requirements of the State's audit requirements. The County will receive and review the annual reports for each of the assisted units with clients receiving services for mental disabilities and/or experiencing substance abuse. This data may be, but is not required to be, gathered from the Santa Barbara County Homeless Management Information System. The successful completion of the project and implementation of the Memorandum of Understanding will result in increased service capacity, decreased unsheltered homelessness, and reduced demands on emergency services and the emergency health care system.

Fiscal and Facilities Impacts:

Budgeted: Appropriations for County costs associated with service delivery will be requested in the FY 2026-27 budget, and subject to Board approval.

The NPLH funds will be loaned by State HCD to Partnership upon execution of the Standard Agreement. The County's supportive services provided to Patterson Point NPLH tenants are anticipated to begin in FY 2026-27 and will be funded using the net operating income from Patterson Point and Medi-Cal.

Key Contract Risks:

The Standard Agreement 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 County would be jointly and severally liable for all obligations of Partnership and HASBARCO. BWell will monitor the provisions of services to NPLH tenants required by NPLH, as outlined in the MH Supportive Services Agreement. Please note that the loan is to the Partnership, not the County.

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 and one (1) Supportive Services Agreement to Melanie Johnson at mejohanson@sbcbswell.org and to the BWell Contracts Division at bwelcontractsstaff@sbcbswell.org.

Attachments:

Attachment A: Standard Agreement No. 21-NPLH-17353 (Patterson Point, Round 4 Competitive)

Attachment B: Memorandum of Understanding with HASBARCO and Partnership for Patterson Point

Attachment C: Mental Health Supportive Services Agreement with HASBARCO, Partnership and County

Authored By:

M. Johnson