



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:** July 19, 2023  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department George Chapjian, Community Services Director (805)568-2485  
Director(s)  
Contact Info: Kimberlee Albers, Homelessness Assistance Program Manager  
(805)560-1090

**SUBJECT:** Turner Foundation Promissory Note 2023 Homekey Program Applicant for District 1

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**County Counsel Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions: That the Board of Supervisors:**

- a) Approve a no-interest loan to The Turner Foundation - Since 1958 (The Turner Foundation) in the amount of \$90,000.00 from the First District, 990 Fund 0001 (Loan) for use as an earnest money deposit for the acquisition of that certain real property located at 2011 Oak Avenue, Santa Barbara, CA 93101 (Project) using Round 3 Homekey Program grant funding from the State of California Department of Housing and Community Development (Homekey Funding), which Loan is to be memorialized, and subject to terms and conditions set forth, in a Promissory Note (Promissory Note) (Attachment A), and subject to immediate repayment in the event that (i) The Turner Foundation's application for such Homekey Funding is not granted by the State of California Department of Housing and Community Development, or (ii) The Turner Foundation fails to duly execute and record, as appropriate, loan documents approved by the Board of Supervisors memorializing a loan by the County to The Turner Foundation of Homekey matching funds, including a loan agreement, promissory note, deed of trust, and regulatory agreement (Homekey Matching Loan Documents) within 30 days of The Turner Foundation's application for such Homekey Funding being granted by the State of California Department of Housing and Community Development, and which Homekey Matching Loan Documents include the Loan as amended to be subject to the terms and conditions of such Homekey Matching Loan Documents;
- b) Find that the foregoing recommended action constitutes the financing or assisting in the financing of the acquisition of real property to be owned and operated by a nonprofit corporation to carry out a

program deemed by the Board of Supervisors to be necessary to meet the social needs of the population of the County pursuant to Government Code Section 26227; and

c) 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 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.

Alternatively, that the Board of Supervisors:

d) Approve a no-interest loan to The Turner Foundation - Since 1958 (The Turner Foundation) in the amount of \$90,000.00 from the First District, 990 Fund 0001 (Loan) for use as an earnest money deposit for the acquisition of that certain real property located at 2011 Oak Avenue, Santa Barbara, CA 93101 (Project) using Round 3 Homekey Program grant funding from the State of California Department of Housing and Community Development (Homekey Funding), which Loan is to be memorialized, and subject to terms and conditions set forth, in a loan agreement and promissory note in forms approved by each of the Community Services Director, County Counsel, County Risk Management, and the County Auditor-Controller (Loan Documents). This Loan is subject to immediate repayment in the event that (i) The Turner Foundation's application for such Homekey Funding is not granted by the State of California Department of Housing and Community Development, or (ii) The Turner Foundation fails to duly execute such Loan Documents by August 18, 2023, and (iii) authorize the Community Services Director to execute such Loan Documents;

e) Find that the foregoing recommended action constitutes the financing or assisting in the financing of the acquisition of real property to be owned and operated by a nonprofit corporation to carry out a program deemed by the Board of Supervisors to be necessary to meet the social needs of the population of the County pursuant to Government Code Section 26227; and

f) 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 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:**

Yesterday, July 18, 2023, the Board of Supervisors approved an administrative item authorizing the Community Services Department to submit a grant application for the 2023 Homekey Program in an amount not to exceed \$3,100,000 for the acquisition of 2011 Oak Avenue, Santa Barbara, CA (Property) adopted a Resolution authorizing the Application and participation in the Homekey Program, and the acceptance and administration of Homekey funds, and approved a reservation of up to \$915,000 in funds made available by the Coronavirus Aid, Relief and Economic Security Act (CARES), or other available local, State, or federal funds that have been allocated to the County, which will serve as capital matching funds required under the Homekey program for the acquisition of the Property by the Turner Foundation. The Santa Barbara City Council is considering approval of local matching funds at their meeting on July 25, 2023, in the amount of \$457,500. If the City's portion is approved, the amount of matching funding provided by the County will likewise be \$457,500 (County Matching Funding).

A request from the Turner Foundation for an additional \$90,000 in the form of a no-interest loan for use as an earnest money deposit for the acquisition of the Property was made but was not able to be included

in yesterday's administrative item. Today, the Community Services Department and the First District are asking the Board of Supervisors to approve the allocation of First District 990s funds for this purpose. The earnest money is refundable and would be re-paid to the County if the Homekey Funding is not awarded, and the Turner Foundation would likewise be obligated to repay the Loan to the County if Homekey Funding is awarded.

The Project would provide eight (8) permanent housing units for youth who are homeless or at-risk of homelessness. The Community Action Plan to Address Homelessness identifies the need for 835 permanent supportive housing units. The Turner Foundation is applying for competitive State of California Department of Housing and Community Development (State HCD) Homekey Funding to help finance acquisition of the Property.

### **Background:**

AB 140 (2021) provided the statutory basis for Homekey Round 3, which is administered by State HCD. The State has made available approximately \$736 million in Homekey funding. Homekey provides a significant statewide effort to sustain and expand housing for persons experiencing homelessness or at risk of homelessness. Of the \$736 million in Homekey funding, \$435 million is from the State's allocation of the federal ARPA Coronavirus State Fiscal Recovery Fund, and \$301 million is from the State General Fund. Projects receiving an award from the State's direct allocation of ARPA funds must expend such funds within eight months of the date of award. The portion of a project's award derived from the State General Fund must be expended by June 30, 2026. The Notice of Funding Availability for Homekey Round 3 was released on March 29, 2023. To date, applicants in Santa Barbara County have been awarded over \$28 million in Homekey funds through the following three projects:

- Homekey Studios, Lompoc (\$3.12 million)
- Hedges House of Hope, Isla Vista (\$6.99 million)
- Buena Terra, Goleta (\$18.35 million)

To help ensure equitable distribution of Homekey funds throughout the State, the State created eight regions, with Santa Barbara County falling into the Central Coast region, along with Monterey, San Benito, San Luis Obispo, and Santa Cruz counties. Using a formula that considers a 2022 Point-In-Time count, and the number of severely rent-burdened households, the Central Coast region has an estimated allocation of \$22.6 million in Homekey funds. Other set-asides were established for Homeless Youth and Tribal Entities. State HCD opened an application portal on April 24, 2023, and awards will be made on a continuous, over-the-counter basis, with a final application due date of July 28, 2023, or until funds are exhausted (whichever occurs first). Eligible applicants are cities, counties, cities and counties, Local Public Entities such as housing authorities, councils of government or tribal entities. The application allows for governmental entities to apply independently or jointly with a nonprofit or for-profit corporation as a co-applicant.

The Homekey application evaluates and scores the following criteria for projects qualified for award, including evidence of site control and suitability for development (20 points); rental or operating subsidies (40 points); experience and coordination (40 points); community impact and site selection (76 points); and relocation impacts (-20 points). Projects must score a minimum of 100 points to receive an award of Homekey funds.

### **Santa Barbara Project**

The Property is an 8-unit, two-story property near Mission Street on the Westside. If funded, the Project will provide permanent supportive housing for transitional age youth. The Property would be owned by the Turner Foundation and State HCD Homekey funds would be awarded directly to the Turner Foundation. Prior to disbursement of the County Matching Funding to the Turner Foundation, the County’s Community Services Department would provide Homekey Matching Loan Documents to the Board of Supervisors for approval containing the terms and conditions, and restrictions on the use, of the County Matching Funding.

**Fiscal and Facilities Impacts:**

Yes, District 1 990 funds are being used for the no-interest loan.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			\$ 90,000.00
State			
Federal			
Fees			
Other:			
Total	\$ -		\$ 90,000.00

**Key Contract Risks:**

If the State awards Homekey Funding, the Turner Foundation will be required to sign and record regulatory agreements to operate the Project as supportive housing for the target population of youth experiencing homelessness or at risk of homelessness for a period of at least 55 years, or risk being required to repay the Homekey funds to the State, plus penalties.

All entities in the Grantee structure (including the County) shall be bound by the Homekey Program Requirements, and shall remain jointly and severally liable to State HCD for performance under the Standard Agreement and for compliance with all Homekey Program Requirements. To mitigate this risk, the County would require that the Turner Foundation execute and record a deed of trust against the Property in favor of the County, and has requested first priority, senior lien position with respect to other liens to be recorded against the Property.

The State will conduct ongoing monitoring to assure that the Property is being administered in accordance with the Homekey Program. The State will enter into a Standard Agreement with the Turner Foundation.

**Staffing Impacts:**

**Legal Positions:**

**FTEs:**

No new staffing impacts. The Project will be administered by the Turner Foundation. Administration of operating match funds will be overseen by existing County staff.

**Special Instructions:**

Please return one copy of the Minute Order to Kimberlee Albers at [kalbers@countyofsb.org](mailto:kalbers@countyofsb.org) Electronic signatures and transmittal are acceptable.

Turner Foundation Promissory Note

July 19, 2023

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**Attachments:**

Attachment A – Promissory Note with Turner Foundation