



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.: 055
For Agenda Of: June 05, 2018
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department George Chapjian, Director ext. 2485
Director(s) Dinah Lockhart, Deputy Director HCD ext. 3523
Contact Info: Laurie Baker, Grants and Program Manager ext.3521

SUBJECT: **Approve the Modification Agreement for documents related to a HOME loan made to Phoenix Santa Barbara, Inc. for the acquisition and rehabilitation of Mountain House.**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Chair of the Board to execute the Modification Agreement (Attachment A), which modifies documents related to a HOME loan made to Phoenix Santa Barbara, Inc. (dba Crescend Health) by specifying a termination date for the Regulatory Agreement and reflecting a merger of Phoenix Santa Barbara and PathPoint that will occur on or about July 1, 2018; and
- B. Determine that the recommended actions are not the acceptance and 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 a 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.

Summary Text:

In October 2006, the Board approved a \$400,000 HOME loan to Phoenix Santa Barbara, Inc. (dba Crescend Heath) to provide permanent financing for the acquisition and rehabilitation of a 14-bed residence at 27 Mountain Drive (Mountain House).

The Boards of Directors of Phoenix of Santa Barbara (dba Crescend Health) and PathPoint have agreed to a merger whereby Phoenix of Santa Barbara will merge into PathPoint, effective July 1, 2018. PathPoint is ready, willing and able to assume ownership of Mountain House and assume the County Loan Documents. County staff have prepared a Modification Agreement (Attachment A), which has been executed by PathPoint.

Background:

In October 2006, the Board approved a \$400,000 HOME loan to Phoenix Santa Barbara, Inc. (dba Crescend Heath) to provide permanent financing for the acquisition and rehabilitation of a 14-bed residence at 27 Mountain Drive (Mountain House). The County and Phoenix Santa Barbara executed County loan documents that included a Loan Agreement, Promissory Note, Permanent Deed of Trust, Assignment of Rents, and Security Agreement and Regulatory Agreement (together, the “County Loan Documents”). The County Regulatory Agreement requires that three (3) of the bedrooms be occupied by low- and very-low income persons for a term of thirty (30) years from the date of project completion. The County HOME Loan was closed-out in the federal Integrated Disbursement and Information System (IDIS) in November of 2006. The thirty year term will conclude on November 5, 2036.

PathPoint, established in 1964, supports individuals with developmental and physical disabilities, individuals with mental and behavioral health disorders, and disadvantaged youth to reach their fullest potential. Operating in five counties with a \$25 million budget, PathPoint supports 2,500 individuals. PathPoint’s behavioral health services include outpatient counseling, rehabilitation centers and residential support services. PathPoint will continue to operate the Mountain House facility as licensed residential Adult Day Facilities serving adults, primarily low-income, diagnosed with psychiatric disorders.

The Boards of Directors of Phoenix of Santa Barbara (dba Crescend Health) and PathPoint have agreed to a merger whereby Phoenix of Santa Barbara will merge into PathPoint, effective July 1, 2018. The two organizations provide complementary services and together will provide a continuum of care—residential, outpatient, counseling—which will strengthen and enhance behavioral health services in Santa Barbara.

PathPoint is ready, willing and able to assume ownership of Mountain House and assume the County Loan Documents. County staff have prepared a Modification Agreement (Attachment A) to reflect the change in ownership and assumption of responsibilities under the County Loan Documents. The Modification Agreement also modifies Section 17 Term of the Regulatory Agreement to clarify the HOME affordability period as ending on November 5, 2036.

Performance Measure:

PathPoint will be required to comply with the County Regulatory Agreement, which requires that three (3) of the bedrooms at Mountain House be occupied by low- and very-low income persons. HUD requires that on-site monitoring of HOME-Assisted properties be conducted at least every three (3)

years, and more often if there are monitoring findings. HCD conducted on-site monitoring of Mountain House in April 2015 and the property was found to be compliant. HCD has performed in-house monitoring of Mountain House for 2018 and is in receipt of documentation indicating compliance. The next on-site monitoring visit will be scheduled later this year.

Contract Renewals and Performance Outcomes:

N/A

Fiscal and Facilities Impacts:

No funds are being awarded or expended. Existing staff of the Division of Housing and Community Development (HCD) perform ongoing monitoring of Mountain House, including site visits at least every three (3) years, to ensure compliance with the County Regulatory Agreement.

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			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative: Not applicable

Key Contract Risks:

If PathPoint fails to occupy at least three (3) bedrooms at Mountain House with low- and very-low-income persons for the remainder of the term of the County Regulatory Agreement, the County could be at-risk of repayment of the \$400,000 in HOME funds to HUD. HCD staff perform ongoing monitoring of Mountain House, including site visits at least every three (3) years, to ensure compliance with the County Regulatory Agreement.

Staffing Impacts:

Existing HCD staff perform ongoing monitoring of Mountain House, including site visits at least every three (3) years, to ensure compliance with the County Regulatory Agreement.

Special Instructions:

Please execute two originals of the Modification Agreement (Attachment A), then:

1. Provide one original to Laurie Baker for recording in the County real estate records. Call Laurie for pick up at est. 3521; and
2. Mark the second original with “copy – do not record” and retain for your files.

Attachments:

ATT A: Modification Agreement

ATT B: CEQA NOE

Authored by:

Laurie Baker, Grants and Program Manager