



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
Department No.: 057
For Agenda Of: March 21, 2023
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805) 568-2467
Director
Contact Info: Dinah Lockhart, Deputy Director (805) 568-3523
Laurie Baker, Grants & Program Manager (805) 568-3521
SUBJECT: **Approval and Execution of HOME American Rescue Plan (HOME-ARP) Loan Documents with Good Samaritan Shelter for acquisition and improvement work to a single-family residence located at 2723 Marlberry Street in the City of Santa Maria, (the "Project"), 4th Supervisorial District.**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

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: a) A HOME-ARP Loan Agreement (Attachment A), HOME-ARP Deed of Trust, (Attachment B), HOME-ARP Regulatory Agreement, (Attachment C), and a HOME-ARP Promissory Note, (Attachment D), (Collectively, the "HOME-ARP Loan Documents"), with Good Samaritan Shelter ("Good Sam"), for a loan in the amount of \$400,000 ("HOME-ARP Loan") as financial support for the Project; and
- B. Find that the recommended actions related to the proposed Project qualify as a Categorical Exemption based on Section 15303 (New Construction or Conversion of Small Structures) of the California Environmental Quality Act (CEQA).

Summary Text:

The recommended Board action entails approval and execution of HOME-ARP Loan Documents memorializing the terms and conditions of the HOME-ARP LOAN in an aggregate amount of \$400,000, which will provide financial assistance for Good Sam to acquire, improve, and operate the Project to provides housing opportunities for formerly homeless veterans. Staff will return to the Board at a later

date to add \$100,000 in HOME funds to the Project via substantial amendment to a prior-approved Action Plan, which is required by HUD. The HOME ARP funds will cover the acquisition costs of the property and the additional HOME funds will help fund the rehabilitation as required in connection with a grant from the U.S. Department of Veteran’s Affairs.

Background:

On March 11, 2021, the American Rescue Plan (ARP) Act was signed into law by President Biden. A portion of ARP funding was allocated under the HOME program, and targeted specifically to address homelessness. Accordingly, the U.S Department of Housing and Urban Development (HUD), allocated \$4,647,509 in HOME-ARP funding to the County. HOME-ARP enables four activities of primary benefit to certain Qualifying Populations who are homeless, at risk of homelessness, or in other vulnerable populations: (1) development and support of affordable housing, (2) provision of tenant-based rental assistance (TBRA), (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter units. On January 22, 2022, the County approved the FY 2021-22 HOME-ARP Amendment to Action Plan that included the allocation and use of HOME-ARP funds.

The Project will be subject to HOME-ARP regulations pursuant to the October 10, 2021, Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*.

Good Sam Veterans Home Scope of Work and Description:

The Project entails Good Sam’s purchase of a 2,160 square foot, 4-bedroom 2.5 bath single-family residence located at 2723 Marlberry Street in the City of Santa Maria (“Property”), and subsequent Property improvement work to accommodate tenancy for five (5) formerly homeless veterans. Pursuant to requirements associated with a Veterans Affairs Project financial contribution to the Project in the amount of \$250,000, each bedroom in the Project will be provided a corresponding restroom.

Once Good Sam assumes legal ownership of the Property, it will commence the planning, permitting and improvement work to re-configure the Project to a five-bedroom home, as well as related work to add the aforementioned restrooms to meet Veterans Affairs Project financial assistance requirements. Funding provided to homeless Veterans under the Department of Veterans Affairs Grant and Per Diem Program provides for Project operations and support services.

Good Sam Veterans Home Project Budget:

The total Project cost is in the amount of \$750,000. Project financing sources are reflected below.

Good Sam Veterans Home – Sources

Veterans Affairs	\$ 250,000
HOME-ARP	\$ 400,000
HOME*	\$ 100,000
Total Project Budget/Sources	<u>\$ 750,000</u>

Good Sam Veterans Home – Uses

Acquisition	\$ 675,000
Improvements	\$ 75,000
Total Project Uses	<u>\$ 750,000</u>

* Staff will return to the Board at a later date to add \$100,000 in HOME funds to the Project via substantial amendment to a prior-approved Action Plan, which is required by HUD. The HOME ARP funds will cover the acquisition costs of the property and the additional HOME funds will help fund the rehabilitation as required in connection with a grant from the U.S. Department of Veteran’s Affairs.

Good Sam Veterans Home Project Schedule:

Once Good Sam closes escrow and acquires the Property, it is anticipated that Property improvements will commence as soon as a contractor is procured; occupancy of the Project for the five (5) formerly homeless veterans is projected for July 2023.

Performance Measure:

County Housing and Community Development (“HCD”) staff will monitor the Project during the construction phase through Project completion and lease-up to ensure that all performance metrics are being met and the Property, as a HOME-ARP Assisted Unit, is being occupied by Qualifying Populations in accordance with the October 10, 2021, Federal Register Notice 86 FR 56764, *Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program*. Qualifying Populations include homeless veterans.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
		\$ 400,000.00
\$ -	\$ -	\$ 400,000.00

Narrative:

Key Contract Risks:

HUD could require the County to repay HOME-ARP expended for ineligible expenses with non-federal funds. The Loan Agreement and Regulatory Agreement specify HOME-ARP eligible expenses, and County staff will review each Good Sam Project payment request to ensure that expenses for which

reimbursement is requested have been incurred for Project-eligible costs; HOME-ARP and HOME funds are provided on a cost-reimbursement basis.

Staffing Impacts:

Current HCD staff will administer the HOME-ARP Loan Documents.

Special Instructions:

1. Please return one copy of the Minute Order to Carlos Jimenez, at cjimenez@countyofsb.org.
2. Please return one executed copy of the HOME-ARP Loan Agreement (Attachment A), HOME-ARP Deed of Trust (Attachment B), HOME-ARP Regulatory Agreement (Attachment C), and HOME-ARP Promissory Note (Attachment D), to Carlos Jimenez, at cjimenez@countyofsb.org, Ext. 83529.
3. Please retain one (1) executed original of Attachments A-D referenced above for COB records.

Attachments:

- A: HOME-ARP Loan Agreement, Good Samaritan Shelter HOME-ARP Veterans Home
- B: HOME-ARP Deed of Trust, Good Samaritan Shelter HOME-ARP Veterans Home
- C: HOME-ARP Regulatory Agreement, Good Samaritan Shelter HOME-ARP Veterans Home
- D: HOME-ARP Promissory Note, Good Samaritan Shelter HOME-ARP Veterans Home

Authored by:

Carlos Jimenez, Housing Program Specialist

cc: