



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 &
Behavioral Wellness
Department No.: 55 & 43
For Agenda Of: March 2, 2021
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) 568-2485
Director(s) Alice Gleghorn, PhD, Director
Department of Behavioral Wellness (805) 681-5220
Contact Info: Laura Zeitz, RN, Division Chief, Housing, Placements and
Inpatient, Department of Behavioral Wellness

SUBJECT: **Approval for the County of Santa Barbara to submit a joint application for State No Place Like Home (NPLH) non-competitive funds with the Housing Authority of Santa Barbara County and enter into a Memorandum of Understanding for the Cypress & 7th proposed supportive housing project; adopt a resolution authorizing the Department of Behavioral Wellness to act on behalf of the County in connection with an award of NPLH funds; and approve a conditional reservation of \$632,696 for the Cypress & 7th proposed supportive housing project. (Supervisory District 4).**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- A. Approve a conditional reservation of \$632,696 of No Place Like Home (NPLH) non-competitive funds, inclusive of the initial \$550,000 conditional allocation, to the Housing Authority of the County of Santa Barbara (HACSB) for the proposed development of supportive affordable housing at 1401 East Cypress Avenue, Lompoc, California (APN 085-150-089) to be set aside through September 30, 2021, and direct and authorize the Director of Behavioral Wellness to execute such letter;
- B. Adopt a Resolution that:

Auditor-Controller Concurrence

As to form: Yes

1. Authorizes the County to submit a joint application with the HACSB as developer-borrower to the California Department of Housing and Community Development (State HCD) for NPLH non-competitive loan funds for the proposed development of a supportive affordable housing project at 1401 East Cypress Avenue, Lompoc, California (APN 085-150-089);
 2. If funds are awarded, authorizes and directs the Director of the Department of Behavioral Wellness, or her designee, to act on behalf of the County in connection with an award of NPLH non-competitive program funds;
- C. Authorize and direct the Director of the Department of Behavioral Wellness, or her designee, to execute a Memorandum of Understanding with the HACSB and Cypress & 7th, L.P. for Behavioral Wellness to provide supportive services for a minimum of twenty years to NPLH tenants at the supportive affordable housing project located at 1401 East Cypress Avenue, Lompoc, California (APN 085-150-089);
- D. Direct the Director of the Department of Behavioral Wellness, or her designee, to return to the Board for further direction prior to exercising the authority delegated to her pursuant to Recommended Actions B; and
- E. Determine that the above recommended actions are not a project subject to California Environmental Quality Act (CEQA) pursuant to: CEQA Guidelines section 15378(b)(4), finding that the actions are the creation of a governmental funding mechanism or other government fiscal activity, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and Public Resources Code section 21163.1, which states that a decision by a public agency to seek funding from the No Place Like Home Program does not constitute a “project”.

Summary Text:

The Housing Authority of the County of Santa Barbara (HACSB) proposes to develop a supportive affordable housing project consisting of sixteen units at 1401 East Cypress Avenue, Lompoc, California (APN 085-150-089) (Cypress & 7th). One unit will be an onsite housing manager’s unit, one unit will be for persons experiencing homelessness, and fourteen units are designated for No Place Like Home (NPLH) tenants who are homeless, chronically homeless or at risk of experiencing homelessness and diagnosed with a serious mental illness. Seven units will be designated for NPLH tenants with 20% or lower the area’s median income and 7 units will be for NPLH tenants with 30% or lower the area’s median income. HACSB will develop this project on land they currently own in the city of Lompoc. Approval of the following recommended actions would provide new, permanent supportive housing for 14 individuals who have a serious mental illness and are experiencing homelessness.

Approval of the recommended actions would:

- Authorize the Director of Behavioral Wellness (Be Well) to sign a letter increasing the prior conditional allocation of non-competitive NPLH funds from \$550,000 to \$632,696 to be set aside for the Cypress & 7th project through September 30, 2021 (Attachment (A));
- Adopt a resolution authorizing the Director of Be Well, or her designee, to submit a joint application with HACSB as developer-borrower to the California Department of Housing and Community Development (State HCD) for non-competitive NPLH program funds before February 1, 2022 and, if funds are awarded, to act on behalf of the County (Attachment B) and direct the Director of Be Well to return to the Board prior to her exercising such authority; and

- Authorize the Director of Be Well to enter into a Memorandum of Understanding (MOU) outlining the roles and obligations of the HACSB, Cypress & 7th LLC, and the County and which authorizes Be Well to provide supportive services for a minimum of twenty years to NPLH tenants at Cypress & 7th once the project is completed (Attachment C);

Background:

No Place Like Home:

On July 1, 2016, Governor Brown signed legislation enacting NPLH to dedicate up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons with serious mental illness who are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. Funding can be used for acquisition, construction, or rehabilitation of housing, and to subsidize extremely low rent levels over 20 years. The bonds are repaid with Mental Health Services Act funds. The State of California has authorized the County of Santa Barbara to award certain NPLH funds that were allocated to the County on a formula basis.

The State is allocating funds to counties on a competitive and non-competitive basis. Santa Barbara County was awarded \$2,582,696 in non-competitive funding. On June 30th, 2020 State HCD awarded the HACSB and Be Well \$1.5 million in non-competitive funds for West Cox Cottages. Be Well and Sanctuary Centers applied for \$450,000 in non-competitive funding on January 19th, 2021. BeWell and HACSB are now applying for the remainder of the County's non-competitive funding in the amount of \$632,696 for Cypress & 7th.

On November 4th, 2020, the Capital Loan Committee approved a conditional allocation for Cypress & 7th in the amount of \$550,000. To exhaust the County's allocation of non-competitive NPLH funds by the February 1, 2022 deadline, Be Well and CSD Staff are now recommending the initial conditional allocation amount be increased from \$550,000 to \$632,696 in non-competitive NPLH funds for Cypress & 7th.

If funds are awarded for the Cypress & 7th project, the County will be required to enter into a Standard Agreement in a form substantially similar to the attached "Round 1 Standard Agreement" (Attachment D) with the State HCD and HACSB. Although the County would be a party to the Standard Agreement, the NPLH funds would be loaned directly to HACSB. Be Well will return to the Board for further direction prior to acting on behalf of the County in connection with an award of No Place Like Home non-competitive program funds for Cypress & 7th.

The Cypress and 7th Project

The proposed Cypress & 7th development would be located at 1401 East Cypress Avenue, Lompoc, California (APN 085-150-089) and will consist of 16 one-bedroom units, 14 of which will be NPLH units. Of the NPLH units, 7 will be restricted to tenants with an area median income of less than 20% and 7 will be restricted to tenants with an area median income of less than 30%. One of the units will be an onsite manager's unit without income or rent restrictions and the remaining unit will be for persons experiencing homelessness. Each unit will contain one bedroom with full kitchen. There are two buildings onsite, one two story and one three story, that share a single roof. The Cypress & 7th Project will include a community room for residents, laundry, and car and bike parking.

In order to apply for tax credits for this project, the HASBC and BeWell must have an executed MOU in place.

Performance Measures:

The County is also responsible for documenting the number of individuals experiencing homelessness or at imminent risk of homelessness served by the program funds. In order to be compliant with the State as the Lead Service Provider of supportive services, the County must

monitor the provisions of services to NPLH tenants (See Attachment C). HACSB will submit an independent audit for Cypress and 7th, prepared by a certified public accountant and in accordance with the requirements of the State's current audit requirements. Also, on an annual basis, Be Well would submit data for each NPLH assisted unit. This data may be, but is not required to be, gathered from the Santa Barbara County Homeless Management Information System. Increased service capacity, decreased unsheltered homeless persons and any increase in the number of homeless persons entering permanent housing attributable to the Cypress and 7th project will be incorporated into the annual report.

Fiscal and Facilities Impacts:

Budgeted: Yes

The \$632,696 in non-competitive NPLH funds will be available for HASBC to use for construction or rehabilitation of housing, and to subsidize extremely low rent levels over 20 years. It is anticipated that the supportive services provided to NPLH tenants partially funded through Medi-Cal reimbursement.

Key Contract Risks:

The State, County, and HACSB will be required to enter into the NPLH Standard Agreement if funds are awarded which constitutes a conditional commitment of NPLH funds and requires the County to comply with the requirements and provisions of the NPLH Program statutes, the NPLH Guidelines, and generally applicable state contracting rules and requirements. The State provided a template Standard Agreement based on the first round of NPLH funding (Attachment D) which is subject to revisions by the State for Round 3 NPLH funding.

Based on the "Round 1" template, the County would be jointly and severally liable for the obligations of the HACSB and any limited partnership created by HACSB to facilitate financing. Once received, the Standard Agreement must be executed within 90 days, at which time the status of the Cypress & 7th development will inform the risk of the County incurring any costs to complete it prior to execution. If received, the NPLH allocation would be awarded to the HACSB for the Cypress & 7th development as a post-construction, permanent loan underwritten and held by the State as lender. This loan would have an initial term of 55 years. Be Well will return to the Board for further direction prior to acting on behalf of the County in connection with an award of NPLH non-competitive program funds.

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, one (1) complete copy of the executed NPLH Non-Competitive Funds Resolution, and one (1) complete copy of the executed NPLH MOU to abello@sbcbbwell.org and bbwellcontractsstaff@co.santa-barbara.ca.us

Attachments:

Attachment A: Cypress 7th NPLH OTC Allocation Letter
Attachment B: NPLH Non-Competitive Funds Resolution
Attachment C: NPLH Cypress MOU
Attachment D: NPLH Round 1 Standard Agreement

Authored by:

A. Bello /N. Rossi
NPLH Cypress 7th