



**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

Submitted on:
(COB Stamp)

Department Name: Behavioral Wellness
Department No.: 043
Agenda Date: February 25, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Antonette Navarro, LMFT, Director,
Department of Behavioral Wellness, 805-681-5220
Laura Zeitz, RN, Assistant Director & Division Chief of Housing Placement/Psychiatric I
Health Facility, Department of Behavioral Wellness, 805-681-5220
SUBJECT: California Department of Housing and Community Development Standard Agreement
with Cypress & 7th, L.P., Surf Development Company, and County of Santa Barbara for No
Place Like Home (NPLH) program Non-competitive Allocation Round 4 loan funds; First
Amended and Restated Memorandum of Understanding and Mental Health Supportive
Services Agreement with Cypress & 7th, L.P. and Housing Authority of the County of Santa
Barbara in connection with an award of NPLH funds for the Cypress & 7th permanent
supportive housing project (Supervisory District 4)

^{DS}
AN

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, 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-17345** with Cypress & 7th, L.P. and Surf Development Company as joint applicants for No Place Like Home program (NPLH) Non-competitive Allocation Round 4 loan funds for the Cypress & 7th permanent supportive housing project, located at 1401 E. Cypress Avenue, Lompoc, California (APN 085-150-089) (Project), in an amount of **\$632,696** for a term of 30 years from the effective date of the State HCD Standard Agreement (Attachment A);
 - i. Approve and authorize the Director of the Department of Behavioral Wellness or designee to execute any amendments to State HCD Standard Agreement **No. 21-NPLH-17345** and any and all other documents required or deemed necessary to secure these 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;

- ii. Direct the Director of the Department of Behavioral Wellness or designee to obtain concurrence from Risk Management, Auditor-Controller, and County Counsel before exercising the delegated authority under Resolution 23-39, adopted March 14, 2023, and the above recommended action a;
- b) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness or designee to execute, on behalf of the County, a First Amended and Restated Memorandum of Understanding (MOU) with Cypress & 7th, L.P. and Housing Authority of the County of Santa Barbara (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 to eligible NPLH tenants residing at the Project for a period of 20 years and amends the original MOU (Attachment B);
- c) Approve and authorize the Chair to execute a Mental Health (MH) Supportive Services Agreement with Cypress & 7th, L.P. and HASBARCO for the County's provision of mental health supportive services to eligible NPLH tenants residing at the Project for an estimated contract amount of **\$84,000** annually, subject to 3% annual increases thereafter, for a period of 20 years (Attachment C);
- d) Delegate to the Director of the Department of Behavioral Wellness the authority to make immaterial changes to the MOU per section VII.B and the MH Supportive Services Agreement per section 25, without requiring the Board of Supervisor's approval of an amendment of the MOU or MH Supportive Services Agreement, subject to the Board of Supervisor's ability to rescind this delegated authority at any time; 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:

Cypress & 7th L.P., a partnership of the Housing Authority of the County of Santa Barbara (HASBARCO) and Surf Development Company developed supportive affordable housing consisting of fifteen (15) units at 1401 East Cypress Avenue, Lompoc, California (APN 085-150-089) (Cypress & 7th). One (1) unit on site is for the housing manager, and fourteen (14) units are designated for NPLH tenants who are homeless, chronically homeless, or at risk of experiencing homelessness and diagnosed with a serious mental illness. Of the fourteen (14) units, seven (7) units are designated for NPLH tenants with 20% or lower of the area's median income and seven (7) units will be for NPLH tenants with 30% or lower of the area's median income. Cypress and 7th L.P. have developed this project on land they currently own in the City of Lompoc, and construction was completed in December 2024. The County of Santa Barbara Department of Behavioral Wellness is contracted with the Partnership to deliver Supportive Services for a term of twenty (20) years.

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, California Department of Housing and Community Development (State HCD) Standard Agreement No. 21-NPLH-17345 with Cypress & 7th, L.P. and Surf Development Company, as joint applicants, for No Place Like Home program (NPLH) Non-competitive

Allocation Round 4 loan funds for the development of low-income housing at Cypress & 7th, the First Restated and Amended Memorandum of Understanding, and the Supportive Services Agreement with State HCD, Cypress & 7th, L.P. (Partnership – a division of Surf Development Company and HASBARCO), and HASBARCO.

Approval of the recommended actions would:

- Authorize the Director of Behavioral Wellness to execute, on behalf of the County, the application to California Department of Housing and Community Development (State HCD) for Round 4 non-competitive funding for Standard Agreement No. 21-NPLH-17345.
- Provide new, permanent supportive housing for fourteen (14) individuals who have a serious mental illness and are experiencing homelessness.
- Authorize the Director of BWell to execute, on behalf of County, the MOU and MH Supportive Services Agreement with State HCD, Cypress & 7th, and HASBARCO.

Background:

No Place Like Home

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 with serious mental illness who are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. Funding can be used for the acquisition, construction, or rehabilitation of housing, and to subsidize extremely low rent levels over twenty (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 allocated funds to counties on a competitive and non-competitive basis. Santa Barbara County was awarded \$2,582,696 in non-competitive funding. On June 30, 2020, State HCD awarded HASBARCO and Behavioral Wellness (BWell) \$1.5 Million in non-competitive funds for West Cox Cottages. BWell and Sanctuary Centers successfully applied for \$450,000 in non-competitive funding on January 19, 2021. BWell and HASBARCO are processing for funding the remainder of the County's non-competitive funding in the amount of \$632,696 for Cypress & 7th.

On November 4, 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, application deadline, on March 2, 2021, the Board of Supervisors authorized BWell, jointly with HASBARCO and Cypress & 7th, L.P. to request to State HCD that the initial conditional allocation amount be increased from \$550,000 to \$632,696 in non-competitive NPLH funds for Cypress & 7th.

Project Sponsor

HASBARCO submitted the NPLH application for the Project. Following the award of funds, the "Partnership", Cypress & 7th, LP, was formed with HASBARCO as a general partner, and Surf Development Company as the managing 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-17345

State HCD issued a standard agreement with Cypress & 7th, L.P., County of Santa Barbara, and Surf Development Company as parties. Except for State HCD, all parties (including the Director of BWell on behalf of County) signed on May 19, 2023. State HCD signed the Standard Agreement on June 1, 2023. Although the County is a party to the Standard Agreement, the NPLH funds are loaned directly to Cypress & 7th L.P.

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 received authorization from the Board of Supervisors to execute the MOU presented to the Board on March 2, 2021. (See Attachment B). BWell is now requesting permission to execute the First Amended and Restated MOU which provides detailed responsibilities of each party and identifies the roles and responsibilities of BWell as MH Service Provider, HASBARCO as Property Manager, and Cypress & 7th L.P (a partnership of Surf Development Company and HASBARCO) as Partnership.

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 twenty (20) years in accordance with the Board of Supervisor's approved March 14, 2023, Resolution (No. 23-39). County shall commence performance upon the Project receiving its certificate of occupancy and end performance twenty (20) years thereafter, unless earlier terminated. County will provide an onsite Behavioral Wellness or County-contracted case manager for .8 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 Cypress & 7th, L.P., to the County, on a quarterly basis. HASBARCO anticipates using the net operating income to reimburse County for services.

Project Status

HASBARCO completed construction in December 2024, within the construction sequence of 14-months. The Project residential funding sources are set forth in the Fiscal Table below. Certificate of Occupancy was issued in December and Behavioral Wellness Services began providing Supportive Services in December 2024.

Performance Measure:

HASBARCO will submit to State HCD annual compliance reports and independent audits for Cypress & 7th, prepared by a certified public accountant and in accordance with the requirements of the State's audit requirements. All data will be collected and reported by HASBARCO using the under the Homeless Management Information System (HMIS). 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 (HMIS).

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.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

| Funding Sources | BWELL Revenue | State Loan to PARTNERSHIP |
|------------------------|----------------------|----------------------------------|
| General Fund | | |
| Federal | | |
| State | | \$ 632,696 |
| Fees | | |
| Other: | \$ 84,000 | |
| Total | \$ 84,000 | \$ 632,696 |

Funds received from the non-competitive NPLH award will be loaned directly by State HCD to the Partnership following execution of the Standard Agreement 20-NPLH-14582 and completion of construction. No award funds will flow through the County.

Supportive Services will be provided by the County and the cost for these services will be paid by HASBARCO with operating revenue but offset by any Medi-Cal revenues. The estimated revenue is \$84,000 with a 3% CPI.

Staffing Impacts:

The current requested administrative activity falls within currently budgeted staff duties. Support Services began in December 2024 with existing staff.

Special Instructions:

Please return one (1) Minute Order and one (1) Supportive Services Agreement to M. Simon-Gersuk at msimongersuk@sbcbswell.org and to the BWell Contracts Division at bwellcontractsstaff@sbcbswell.org.

Attachments:

- Attachment A: Standard Agreement No. 21-NPLH-17345 (Cypress & 7th, Round 4 non-Competitive)
- Attachment B: First Restated and Amended Memorandum of Understanding with HASBARCO and Partnership for Cypress & 7th
- Attachment C: Mental Health Supportive Services Agreement with HASBARCO, Partnership and County

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Authored by:

M. Johnson; V. Lee

Contract Manager; Contract Analyst