



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:** Behavioral Wellness  
**Department No.:** 043  
**For Agenda Of:** November 1, 2022  
**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 Antonette Navarro, LMFT, Director  
Director(s) Department of Behavioral Wellness, (805) 681-5220  
Contact Info: Laura Zeitz, RN, Division Chief of Housing, Placements and  
Inpatient, Department of Behavioral Wellness, (805) 681-5220

**SUBJECT:** **Resolution regarding the County's joint application for Round 4 of State No Place Like Home (NPLH) competitive funds with Sanctuary Centers of Santa Barbara, Inc. (Sanctuary) for the proposed development of supportive affordable housing in Santa Barbara, California; Memorandum of Understanding with Sanctuary for the County's provision of supportive services to NPLH tenants; and Standard Agreement with the California Department of Housing and Community Development and Sanctuary related to the NPLH program and grant award**

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**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.** Adopt a Resolution that:

1. Authorizes and ratifies the County's submission of a joint application with Sanctuary Centers of Santa Barbara, Inc. (Sanctuary) as developer-borrower to the California Department of Housing and Community Development (State HCD) for Round 4 of No Place Like Home (NPLH) competitive loan funds for the proposed development of supportive affordable housing at 115 W. Anapamu Street, Santa Barbara, California (APN 039-222-002);
2. If funds are awarded, authorizes and directs the Director of the Department of Behavioral Wellness (BWell), or designee, to act on behalf of the County in connection with an award of NPLH competitive program funds (Attachment A);

**B.** Approve and authorize the Chair to execute a Memorandum of Understanding with **Sanctuary Centers of Santa Barbara, Inc.**, wherein County shall be compensated

\$56,000 annually, subject to 3% annual increases thereafter, to provide supportive services for a minimum of twenty years to NPLH tenants at the supportive affordable housing project located at 115 W. Anapamu Street, Santa Barbara, California (APN 039-222-002) (Attachment B);

- C. Approve and authorize the Director of the Department of Behavioral Wellness, or designee, to execute on behalf of the County a Standard Agreement with State HCD and Sanctuary in a form substantially similar to Attachment C, any subsequent amendments or modifications thereto, as well as any other documents which are related to the NPLH program and grant award, as State HCD may deem appropriate, without having to return to the Board for approval, subject to the Board's authority to rescind this delegated authority at any time;
- D. Direct the Director of Behavioral Wellness, or designee, to obtain concurrence from Risk Management, the Auditor-Controller, and County Counsel before exercising the authority delegated to her pursuant to Recommended Action C; and
- E. Determine that the above recommended actions:
  - 1. Are not a project subject to the 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 do 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; and
  - 2. Are otherwise within the scope of the Notice of Exemption (NOE) adopted by the City of Santa Barbara and posted by the Santa Barbara County Clerk of the Board on December 15, 2020, in which the City found that Sanctuary's proposed development is exempt from CEQA pursuant to CEQA Guidelines section 15332 because it consists of an Infill Development Project.

**Summary Text:**

Sanctuary Centers of Santa Barbara, Inc. (Sanctuary) proposes to construct thirty-four (34) rental units on property currently owned by Sanctuary located at 115 West Anapamu Street, Santa Barbara, California (hereinafter referred to as "Hollister II"). Twenty (20) of the units will be designated NPLH for homeless persons with a serious mental illness diagnosis.

This item is on the Board's agenda to request approval to adopt a Resolution authorizing and ratifying the County's submission of a joint application for Round 4 of NPLH competitive loan funds and authorizing and directing the Director of Behavioral Wellness, or designee, to act on behalf of the County in connection with awarded funds (Attachment A); execute a Memorandum of Understanding (MOU) with Sanctuary (Attachment B); and delegate authority to the Director of Behavioral Wellness, or designee, to execute the Standard Agreement with State HCD and Sanctuary in a form substantially similar to the attached template (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 (MHSA) funds.

The State has allocated funds to counties on a competitive and non-competitive basis. The California Department of Housing and Community Development (HCD) awarded to Santa Barbara County \$2,582,696 in NPLH non-competitive funding in August 2018. The County subsequently allocated a portion of these funds (\$450,000) in non-competitive funds to this project.

On October 23, 2020, the State issued Round 3 of the competitive NPLH Notice of Funding Availability (NOFA). On January 12, 2021, the Board of Supervisors adopted two Resolutions (one for competitive funding and one for non-competitive funding) that authorized the County to submit joint applications with Sanctuary to the State HCD for NPLH loan funds. Sanctuary was awarded a non-competitive allocation award in the amount of \$450,000.

On October 29, 2021, the State issued Round 4 of the competitive NPLH NOFA. Sanctuary and BWell submitted a joint application for \$6,959,564 in competitive Round 4 funds, inclusive of \$3,900,700 in Competitive Capital Loan funds and \$3,058,864 in Competitive Capitalized Operating Subsidy Reserve (COSR) Grant funds, and were awarded \$6,959,564 in competitive Round 4 funds on June 28, 2022, bringing the combined total of Sanctuary's competitive and non-competitive NPLH awards to **\$7,409,564**.

In July 2022, State HCD contacted BWell requesting a new Resolution for NPLH Round 4 funding. BWell submitted the Round 4 application under the authority of the resolutions approved by the Board of Supervisors on January 12, 2021. BWell now requests Board approval of a new Resolution specific to NPLH Round 4, per State HCD's request.

The County will be required to enter into a Standard Agreement with the State HCD and Sanctuary. Although the County would be a party to the Standard Agreement, the NPLH funds will be loaned directly to Sanctuary. BWell requests delegated authority from the Board of Supervisors to execute the Standard Agreement with the State, in a form substantially similar to the attached template (Attachment C), once it is received.

### The Hollister II Project

The proposed Hollister II development (Project) would be located at 115 West Anapamu Street, Santa Barbara, California (APN 039-222-002). Construction is expected to take place over a 24-month period and reach completion late 2024. Hollister II will consist of approximately 34 rental units, of which 20 units will be NPLH units for persons with serious mental illness who are homeless, chronically homeless, or at-risk of chronic homelessness under a Housing First model.

Hollister II will have a 24-hour care center staffed with site managers who will function as property managers for tenants. BWell will begin providing the agreed-upon supportive services to NPLH tenants when the Project receives its certificate of occupancy. Services will be provided either onsite or at another easily accessible location for a minimum of 20 years.

BWell is now returning to the Board for approval and execution of a Memorandum of Understanding (MOU) with Sanctuary, which outlines each party's individual and joint responsibilities. Sanctuary will be the owner and property manager of the Project and will retain the services of BWell to provide supportive services to NPLH-eligible individuals at the Project.

### **Performance Measures:**

Sanctuary will submit to State HCD annual compliance reports and independent audits for Hollister II, prepared by a certified public accountant and in accordance with the requirements of the State's audit requirements. The County will submit an annual report for each of the NPLH assisted units. 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 Hollister II will be incorporated into the annual report. As the lead service provider of supportive services, the County will also provide services to NPLH tenants as outlined in the MOU.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

The \$450,000 in non-competitive NPLH funds and \$6,959,564 in competitive NPLH funds will be loaned by State HCD directly to Sanctuary Centers upon execution of the Standard Agreement. The funds will be dispersed post-construction, with an initial loan period of at least 55 years.

The County's supportive services provided to NPLH Hollister II tenants will be funded by operating revenues from Hollister II.

**Key Contract Risks:**

The State, County, and Sanctuary will enter into the NPLH Standard Agreement once it is received from the State. The 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 State provided a template Standard Agreement (Attachment C). Based on the template, the County would be jointly and severally liable for the obligations of Sanctuary and any limited partnership created by Sanctuary to facilitate financing. Once received, the Standard Agreement must be executed within 90 days, at which time the status of the Hollister II development will inform the risk of the County incurring any costs to complete it prior to execution.

The NPLH allocation will be awarded to Hollister II as a post-construction, permanent loan underwritten and held by the State as lender. This loan will have an initial term of 55 years. BWell will monitor the provisions of services to NPLH tenants required by NPLH, as outlined in the MOU with Sanctuary Centers.

**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 Resolution, and one (1) complete copy of the executed MOU to Bethany Le at [bethle@sbcbswell.org](mailto:bethle@sbcbswell.org) and to the BWell Contracts Division at [bwellcontractsstaff@sbcbswell.org](mailto:bwellcontractsstaff@sbcbswell.org).

**Attachments:**

- Attachment A: NPLH Round 4 Resolution
- Attachment B: MOU with Sanctuary Centers
- Attachment C: NPLH Template Standard Agreement
- Attachment D: NPLH Round 4 Application
- Attachment E: City of Santa Barbara CEQA NOE

**Authored by:**

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