



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 4, 2019
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department George Chapjian, Community Services Director (805-568-2467)
Director(s)
Contact Info: Dinah Lockhart, Deputy Director (805-568-3523)
SUBJECT: Execution of State of California Homeless Emergency Aid Program (HEAP) Loan Documents for a loan of \$481,500 and Sub-Recipient Agreement for \$418,500 in State HEAP funds for a total award of \$900,000 to Fighting Back Santa Maria Valley (FBSMV) for Permanent Supportive Housing for Transition Age Youth in Santa Maria (Supervisorial District 5)

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 of Supervisors to execute an original and duplicate originals of the following documents, which relate to a Four Hundred Eighty One Thousand, Five Hundred Dollar (\$481,500) loan for acquisition and renovation of 424 E Park Ave., Santa Maria, California (the "Property") for four (4) Transition Age Youth (TAY) permanent housing units:
 - i) County HEAP Loan Agreement (Attachment A);
 - ii) County HEAP Loan Promissory Note (Attachment B);
 - iii) County Deed of Trust, Assignment of Rents, and Security Agreement (Attachment C); and
 - iv) County HEAP Regulatory Agreement (Attachment D) (together, the County HEAP Loan Documents); and
- b) Approve, ratify and authorize the Chair of the Board to execute a Sub-Recipient Agreement (Attachment E) distributing HEAP funds for TAY case management and crisis intervention services in the amount of \$418,500.

- c) Determine that recommended actions are exempt under the California Environmental Quality Act (CEQA) pursuant to section 15301 of the CEQA Guidelines, because they consist of minor alterations of an existing private structure and involves negligible or no expansion of existing or former use.

Summary Text:

Staff is requesting that the Board of Supervisors approve, ratify and authorize the Chair to execute the County HEAP Loan Documents and the Sub-Recipient Agreement (Attachment E), totaling \$900,000 of State of California HEAP funds for the Fighting Back Santa Maria Valley (FBSMV) 424 East Park project in Santa Maria. The Board is being asked to approve a \$481,500 forgivable loan (Attachment A) to FBSMV for the acquisition and renovation of the Property to house four (4) Transition Age Youth (the "Project"). The Sub-Recipient Agreement in the amount of \$418,500 will provide funding for street outreach to unaccompanied youth, rental assistance, a van for transportation, crisis intervention and case management services. The services will assist with implementation for a Safe Place Program in partnership with the City of Santa Maria Parks and Recreations department for runaway and transitional age youth.

The State awarded the Santa Maria/Santa Barbara County Continuum of Care (CoC) \$9.385 million in Homeless Emergency Aid Program funds. All program funds must be expended by June 30, 2021. Moreover, HEAP requires that at least 5% of the County's total allocation be used for homeless youth, or youth at risk of homelessness; the Project satisfies this requirement for the County.

Background:

The 2018 California state budget provided significant funding to address homelessness, including \$500 million in Homeless Emergency Aid Program (HEAP) Block Grants. Senate Bill 850 established the HEAP program as a flexible block grant to Continuums of Care to address immediate homelessness challenges. HEAP funds were distributed based on the numbers of homeless persons residing in a CoC's geographic area as represented by the 2017 Point in Time Count. The County accepted the role of Lead Agency for the Santa Maria/Santa Barbara County CoC in March 2018, and is the 'Administrative Entity' (AE) for the HEAP program. As lead agency and AE, the County's role includes: 1) issuing the NOFA (Notice of Funding Availability), 2) verifying projects met basic threshold criteria, 3) training Rank and Review (R&R) members, 4) providing staff support to meetings of the CoC R&R Committee and CoC Board, and 5) administering the grants. The County is required to demonstrate a collaborative process for funding decisions. The CoC Board established local priorities for HEAP funding on August 28, 2018.

On October 12, 2018, Community Services Department/ Housing and Community Development Division (CSD/HCD) released a "Super NOFA", which included program descriptions, guidelines, and application deadlines for multiple funding sources administered either directly by CSD/HCD, or in cooperation with other departments, such as Behavioral Wellness, Probation, and the regional Santa Maria/Santa Barbara County CoC. The CoC established the R&R Committee process to review applications and make funding recommendations to the CoC Board based on the process outlined in the CoC Governance Charter. The CoC R&R Committee met on November 28, 2018 to review HEAP funding applications and make funding recommendations. The R&R Committee had the difficult task of allocating \$8.9 million in HEAP funding in response to over \$36 million in capital, rental assistance and services funding requests. A common theme discussed during R&R Committee deliberations was the one-time nature of HEAP funding. The R&R Committee scored projects based on applicant capacity, project design, addressing local priorities,

performance, need and collaboration. The CoC Board approved the funding recommendations of the R&R Committee without changes on November 29, 2018.

Based on the recommendations of the CoC, CSD/HSD staff submitted an application to the State of California for HEAP funds. On December 20, 2018 the State of California announced that the County had been awarded \$9,385,185 in HEAP funding on behalf of the CoC. Five (5%) percent of program funds (\$469,259) will be retained by the County and used for administrative costs. The remaining \$8,915,926 is being distributed to local non-profits to conduct eligible HEAP activities based on the recommendations of the CoC R&R Committee, the concurrence of the Santa Maria/Santa Barbara County CoC Board, and the approval of the Board of Supervisors. A summary of all of the HEAP funding recommendations is provided in Table 1:

Table 1: HEAP Funding Recommendations

Applicant	Project Title	Service Area	Total Award
**Fighting Back Santa Maria Valley	Santa Maria Homeless Youth Collaborative	North – Guadalupe, Santa Maria, Orcutt, Los Alamos	\$ 900,000
*City of Santa Barbara	Santa Barbara Connect Home	South – Santa Barbara	\$ 2,000,000
*Domestic Violence Solutions	DVS Housing First Program	Countywide	\$ 385,926
*Good Samaritan Shelter	Homeless Housing Navigation Program	North- Buellton, Guadalupe, Lompoc, Santa Maria, Solvang	\$ 850,000
Housing Authority of the County of Santa Barbara	West Cox Apartments	North – Santa Maria	\$ 1,350,000
*Northern Santa Barbara County United Way	Home for Good	Countywide	\$ 550,000
*PATH Santa Barbara	Lease Up SB!	Countywide	\$ 380,000
The Salvation Army	Multi-component, Countywide Approach to Homeless Crisis	South – Santa Barbara	\$ 2,500,000
TOTAL			\$ 8,915,926

*Previously Approved by the Board of Supervisors

** Covered by this Board Letter

In order to expedite these HEAP projects, CSD/HCD staff brings sub-recipient agreements to the Board for approval as projects are ready to begin implementation.

FBSMV Loan Agreement

Staff recommends the execution of the HEAP Loan Documents approving \$481,500 to FBSMV for the acquisition of the existing four (4) bedroom Property and costs of necessary improvements to the Property after acquisition, including, termite remediation, roof replacement, and laundry appliances.

The capital portion of the Project was reviewed by the County’s Capital Loan Committee (CLC) on May 14, 2019. The CLC recommended County funding for the Project based upon a review of the budget, funding sources, and projected fifteen (15) year operating pro forma. If at any point during the 15-year term the Project does not comply with the requirements of the Loan Agreement (Attachment A) or Regulatory Agreement (Attachment D), the County may accelerate repayment of its loan, plus 3% simple annual interest. Examples of such Loan Document requirements include maximum rent, tenant

income limits, annual reporting to the County, property management and maintenance. Alternatively, if the Project remains in compliance with the terms of the Loan Documents, the County’s loan will be forgiven after 15-years. Table 2 shows the projected total costs for the \$481,500 HEAP capital Project.

Escrow Fees	\$	17,500
Home Purchase	\$	350,000
Facility Repairs	\$	90,000
Furnishings	\$	22,500
Appraisal	\$	1,500
Total	\$	481,500

Sub-Recipient Agreement for Program Support

The \$418,500 balance of the funds recommended by the CoC for the FBSMV Project are reflected in the Sub-Recipient Agreement related to the provision of services in Santa Maria to address the needs of transition age youth in North County. The Budget is included as Exhibit B in the Sub-Recipient Agreement included herewith as Attachment E. Program support funds will provide street outreach to unaccompanied youth, a van for transportation, crisis intervention and case management services. The services will assist with implementation for a Safe Place Program in partnership with the City of Santa Maria Parks and Recreations department for runaway and transitional age youth.

The County will enter into a loan agreement with FBSMV to allocate HEAP funds to the Project as discussed below. Pursuant to that certain December 2018 Agreement between the State and County and related HEAP NOFA, the County is responsible for monitoring HEAP projects to ensure that all HEAP funds are expended by June 30, 2021. The County is also responsible for documenting the number of individuals experiencing homelessness or at imminent risk of homelessness served by the program funds. Increased service capacity, decreased unsheltered homeless persons and any increase in the number of homeless persons entering permanent housing attributable to the Project would be incorporated into this annual report.

Table 3: Goals – Individuals/Households Served, during grant period (ending June 30, 2021)

Goal	Fighting Back SMV
Unduplicated number of homeless persons or persons at imminent or at risk of homelessness served	65
Unduplicated number of homeless households or households at imminent or at risk of homelessness served	65
Number of instances of service (all services must be documented)	750

Table 4: Performance Measures

Measure	Fighting Back SMV
Number of unsheltered persons becoming sheltered	15
Number of participants exiting to permanent housing	25
% of adult participants who will obtain earned income at project exit	45%
% of adult participants who will increase cash/non-cash benefits at project exit	35%
% of project participants that will retain permanent housing at 1 year	40%

Fiscal and Facilities Impacts:

Budgeted: Yes

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	\$ 900,000.00		\$ 900,000.00
Federal			
Fees			
Other:			
Total	\$ 900,000.00	\$ -	\$ 900,000.00

The State HEAP funded projects included for approval in this Board letter total \$900,000. These funds are currently available for distribution to eligible projects.

Key Contract Risks:

The County assumes responsibility for the administration of HEAP in accordance with all state requirements governing their use. In addition, it would be held liable if it or any provider to which it sub-grants funds is found to be non-compliant with applicable requirements.

The HEAP Loan Documents are a cost-reimbursement contract, with the exception of the initial acquisition of the Property for which funds will be wired directly into escrow. This allows CSD/HCD to disburse state funds to the aforementioned HEAP Program Sub-recipient for eligible incurred costs to the extent prescribed by the Agreement. The County will only reimburse HEAP Program Sub-recipients for costs that are eligible under the Loan Documents and documented in a manner that is acceptable to the CSD/HCD. CSD/HCD staff will assess the performance of the HEAP sub-recipients to determine if the services provided are adequate and as outline in the Agreement. The HEAP loan regulatory agreement requires the County monitor the property’s compliance for fifteen (15) years.

Staffing Impacts:

The current requested activity falls within currently budgeted staff duties.

Special Instructions:

- 1) Please return two sets of the executed original documents (except that there is only 1 original Promissory Note and HCD will accept a copy) and a copy of the Minute Order to Ted Teyber. Please email or call when ready for pick up: eteyber@co.santa-barbara.ca.us Ext. 3513.
- 2) Please retain one set of the executed original documents (including the Promissory Note) listed below for COB records.

This is a time-sensitive item with a scheduled closing date with Arcadia Escrow Services, Inc.. Please expedite the execution and delivery of the documents. Please call with questions or if additional information is needed.

Attachments:

- A. County HEAP Loan Agreement
- B. County HEAP Loan Promissory Note
- C. County Deed of Trust, Assignment of Rents, and Security Agreement
- D. County Regulatory Agreement
- E. HEAP Sub-Recipient Agreement