



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  
**General Services**  
**Department No.:** 063 & 057  
**For Agenda Of:** May 16, 2023  
**Placement:** Departmental  
**Estimated Time:** 20 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department George Chapjian, Community Services Director, (805) 568-2467  
Director(s) Kirk Lagerquist, General Services Director, (805) 560-1011

Contact Info: Skip Grey, General Services Assistant Director, (805) 451-9949  
Lucille Boss, Encampment Response Coordinator  
LBoss@countyofsb.org

**SUBJECT:** **Approval of a Ground Lease and Development Agreement for establishment of the DignityMoves La Posada Project on County-owned property at 4500 Hollister Ave, Santa Barbara, CA, APNs 061-040-012, 061-040-024, Supervisorial District 2.**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- A. Receive a presentation on the DignityMoves La Posada Project (Project);
- B. Authorize the General Services Director, or his designee, to execute a Ground Lease Agreement with DignityMoves La Posada LLC (DignityMoves) for the use of County-owned property located at 4500 Hollister Ave., Santa Barbara, CA, APNs 061-040-012 and 061-040-024 (Property) for the La Posada project (Project), in a form substantially similar to the Lease Agreement attached

hereto as Attachment A, with concurrence from County Counsel, or her designee, Auditor-Controller, or her designee, and the Risk Manager, or his designee;

- C. Authorize the General Services Director, or his designee, to execute a Development Management Agreement with DignityMoves for the development of the Property for the Project, for the placement of modular units and facilities in a form substantially similar to the Development Agreement attached hereto as Attachment B, with concurrence from County Counsel, or her designee, Auditor-Controller, or her designee, and the Risk Manager, or his designee;
- D. Authorize the Community Services Director, or his designee, to execute a Subrecipient agreement with Dignity Moves, using California Encampment Resolution Funding (CERF) funds for a total contract maximum amount not to exceed \$1,000,000, to purchase up to 90 modular units for interim housing, to be purchased by June 7, 2023, subject to annual appropriations and budget approval, in a form substantially similar to the Subrecipient Agreement attached hereto as Attachment C, with concurrence from County Counsel, or her designee, Auditor-Controller, or her designee, and the Risk Manager, or his designee;
- E. Authorize the General Services Director, or his designee, to execute a Temporary Right of Entry Agreement (TROE) between the County of Santa Barbara and DignityMoves to store and stage materials and equipment on the Property and for the purposes of ingress and egress to and from the premises. in a form substantially similar to the TROE attached hereto as Attachment D, with concurrence from County Counsel, or her designee, Auditor-Controller, or her designee, and the Risk Manager, or his designee; and
- F. Determine that the above-recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to: CEQA Guidelines Section 15269(c); and finding that the actions consist of specific actions necessary to prevent or mitigate an emergency; Government Code Section 8698.4, finding that the County has declared a shelter crisis and the action includes leasing of County-owned land for a homeless shelter and financial assistance; and direct staff to file a Notice of Exemption on these bases.

**Summary Text:**

La Posada will be a temporary interim supportive housing community specifically for people experiencing homelessness in Southern Santa Barbara County. The Project is an innovative public-private collaboration between DignityMoves, community philanthropy, the County of Santa Barbara, and the selected operator/service provider. The Project will provide up to 90 dignified modular housing unit cabins (Cabins) for people experiencing homelessness moving from encampments and persons eligible under Behavioral Health Bridge Housing (BHBH), many of whom will have been homeless for extended periods of time and have a permanent disability. Each Cabin will have a bed, a desk and chair, heating and air conditioning, a window and, most importantly, a door that locks. The selected operator/service provider will provide a safe environment and robust support services for Project residents.

Staff is recommending the execution of a Ground Lease Agreement (Lease - Attachment A), Development Management Agreement (Development Agreement – Attachment B), and TROE (Attachment E) with DignityMoves to utilize pre-fabricated temporary modular housing units, situated on a County-owned

property (Property) located at 4500 Hollister Ave. in the unincorporated area in South Santa Barbara County. The Cabins are funded in part (\$1,000,000) by CERF funds allocated for interim housing serving persons moving from encampments along the transit corridor. DignityMoves and County staff have briefed the Santa Maria/Santa Barbara County Continuum of Care (CoC), the Elected Leaders Forum to Address Homelessness and hosted other community outreach activities directed to neighbors in the surrounding area. The Lease and Development Agreement set forth the responsibility of DignityMoves to develop the Property with an interim housing project for formerly unhoused individuals containing up to 90 cabins and related facilities, including common restrooms, ancillary dining, laundry and storage facilities for residents and office and administration facilities for operation of the Project. In addition, staff will return to the Board with a Subrecipient Agreement with the selected operator to provide housing navigation services, program administration, and operations for the Project.

### **Background:**

On September 11, 2018, the County adopted a Resolution declaring the existence of a shelter crisis, making the County eligible to receive Homeless Emergency Assistance Program (HEAP) funds. The Board adopted the *Phase II Community Action Plan to Address Homelessness* (Plan) in February 2021. The Plan identifies as its first priority strategy, “to increase access to safe, affordable housing.” The proposed Project aligns with this priority by expanding the existing shelter system and continued identification and implementation of best management practices. Services and community spaces located on the site with the Cabins will enable Program residents to access needed support and housing navigation services, the goal of which is to provide an opportunity to move to permanent housing.

On August 31, 2021, the County’s Board of Supervisors approved an Encampment Resolution Strategy and Encampment Response Protocol, including the establishment of funding to create interim housing. On February 24, 2022, the County of Santa Barbara was awarded CERF in the amount of \$2,520,000, including \$1,500,000 for interim housing serving persons moving from encampments along the transit corridor (\$492,300 awarded to PATH for interim housing per Board action on December 13, 2022, and remaining funds dedicated to staffing, client services and direct assistance, environmental rehabilitation, and transportation).

The success of the Isla Vista Pallet shelter program, provided the groundwork for the development of a modular housing project in the City of Santa Barbara which opened in Summer 2022. The DignityMoves Santa Barbara project added 33 new temporary housing units, and the DignityMoves Hope Village Project in Santa Maria will add 94 new temporary housing units, with the goals of establishing housing options for those experiencing homelessness or at risk of homelessness, which includes individuals who are the most vulnerable and often marginalized in our community. A high priority of the County of Santa Barbara and the Continuum of Care is the creation of new housing units, with both permanent and temporary beds. DignityMoves La Posada in the unincorporated part of South Santa Barbara County is the next in a series of projects to meet the goal of 423 additional temporary beds.

As of the Point in Time Count conducted in January 2023, 1,887 people were experiencing homelessness in Santa Barbara County on the day of the count. Of those individuals over 70% live unsheltered in places not meant for human habitation: on streets, along riverbeds, on beaches and in encampments. 59% (1,107) of the people experiencing homelessness were counted in South Santa Barbara County. This Project will provide needed beds to bring people indoors and facilitate services to transition individuals to longer term

housing. Providing dignified cabins together with critical supportive services, this Project will serve as a model for future projects countywide as permanent housing alternatives are developed.

The sole member of DignityMoves La Posada LLC is DignityMoves, a 501(c)(3) California nonprofit public benefit corporation founded in 2020, at the beginning of the COVID-19 pandemic by chief executives and business leaders affiliated with the Young Presidents Organization. DignityMoves engages private capital investors to invest in solving social issues, such as homelessness. The DignityMoves Fund provides up-front funding to manufacture modular housing cabins and partners with local government on siting and necessary infrastructure. The housing Cabins are purposely portable, so that the use of land is temporary, and the modular units can be repurposed at another site. The prefabricated modular Cabins are developed at a fraction of the cost of traditional construction, approximately \$60,000.00 per unit compared to \$500,000.00 per unit for traditional new construction.

**Discussion:**

The La Posada Project will be used for the provision of shelter, supportive services, and case management for persons experiencing homelessness. Placement and use of the interim supportive housing Cabins on the Project site will be subject to the proposed Lease. The Cabins are made with 2” thick walls and provide insulation and energy efficiency. The wall materials are 30% recycled plastics, and frames are durable steel. Each Cabin includes a bed, desk, and electrical service connections; however, plumbing, water and sewer facility connections are not included in the Cabins. Access to plumbing, water, and sewer services will be part of the communal area. Project residents are expected to reside in the project for 6 to 24 months and have case management plans to transition to permanent housing opportunities. In addition to interim housing, La Posada will be a safe and secure community where clients will be provided housing navigation, behavioral health, substance abuse treatment, case management services, education and job placement opportunities. The Project, located in the unincorporated area of South Santa Barbara County, will ensure easy access to bus service and other transportation options.

The proposed Lease and Development Agreement will provide for the placement and site construction for the modular cabins to remain on the site for up to five years from the date of Project opening. The Project will be at this location for up to five years. The Cabins have an estimated useful life of over 20 years; after five years they will be repurposed and moved to alternative locations as available inventory of emergency shelter bed resources for homeless persons. During this time, the County and partners will continue to pursue the development of permanent housing options throughout the County to transition individuals from temporary housing to long-term housing solutions. The DignityMoves La Posada Project is projected to open winter 2023-2024.

In consideration of the expanded use of the DignityMoves La Posada Project site, General Services and HCD have been working with Planning and Development in order to determine Government Code 65402 General Plan Consistency for the project’s development. At its May 10, 2023 meeting, the Planning Commission considered the 65402 request and concluded the Project is in conformity with the County’s Comprehensive Plan. The Planning Commission’s conformity report is included as Attachment G.

The Lease, TROE, and Development Agreement establish the terms of use of the Property and provide for the disposition of the cabins. Staff will return to the Board with a Subrecipient Agreement that describes the selected operator’s responsibilities, operations, maintenance, and services.

**Performance Measure:**

Over the course of the five years in operation, it is anticipated that at least 360 individuals experiencing homelessness will be temporarily housed at this Project site. Most guests will stay six to twenty-four months. Performance measures will be determined by the service provider/operator, in accordance with eligible uses funded by CERF, Homeless Housing, Assistance and Prevention Grant Program, and BHBH; additional funding sources will also be identified. This is a five-year Project and staff will monitor performance measures, and will return to the Board on Project progress.

**Fiscal Analysis:**

On February 24, 2022, the County of Santa Barbara was awarded CERF funding in the amount of \$2,520,000, including \$1,500,000 for interim housing serving persons moving from encampments along the transit corridor (\$492,300 awarded to PATH for interim housing per Board action on December 13, 2022, and remaining funds dedicated to staffing, client services and direct assistance, environmental rehabilitation, and transportation). The Subrecipient Agreement will include a \$1,000,000 CERF interim housing contribution from the County to DignityMoves La Posada LLC for the Project’s development, including cabin assembly. Outcome measures associated with operations and services will be presented at the time of the selected operator agreement is presented to the Board. The selected operator will coordinate, integrate, and leverage resources to maximize impact of services for individuals who are experiencing homelessness, including enrollment in CalAIM Medi-Cal.

The cost of DignityMoves La Posada is \$5 million for development (Table 1), with services and operations estimated at \$2 million per year (Table 2). Additionally, DignityMoves secured philanthropic community-based funding for Cabin assembly. The improvements/assembly and services/operations components of the Project have dedicated funding for the first three years with partial funding currently identified for the fourth and fifth year. Staff will return to the Board with a subrecipient services agreement describing the state and federal funding sources for the services to be provided by the operator.

***Table 1. Improvements and Assembly (\$5 million):***

<b>Agency</b>	<b>Funding</b>	<b>Amount</b>
County of Santa Barbara	CERF - Round 1	\$1,000,000
DignityMoves La Posada LLC	Philanthropic Funding (various)	\$4,000,000
<b>Total</b>		<b>\$5,000,000</b>

***Table 2. Services and Operations (\$2 million annually):***

<b>Funding</b>	<b>FY 23/24 (Winter 2023-June 30, 2024) 6 months operations</b>	<b>FY 24/25</b>	<b>FY 25/26</b>	<b>FY 26/27</b>	<b>FY 27/28</b>
California Encampment Resolution Fund – Round 2 *competitive	\$400,000	\$400,000			

application submitted, not yet awarded					
Homeless Housing Assistance & Prevention		\$1,000,000	\$1,100,000		
Behavioral Health Bridge Housing	\$600,000	\$600,000	\$600,000		
Other State/Federal sources (e.g. CalAIM)			\$300,000	\$2,000,000	\$2,000,000
<b>Total</b>	<b>\$1,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>

**Key Contract Risks:**

The County assumes responsibility for the administration funds in accordance with all State and Federal requirements governing their use. In addition, the County would be liable as a pass-through entity for repayment to the state government if it or any provider to which it sub-grants funds is found not to comply with applicable requirements. In this regard, the County is responsible for using funds for costs that are eligible under the identified funding sources and documented in a manner that is acceptable to the administering State and Federal departments.

**Staffing Impacts:**

The current requested activity falls within currently budgeted staff duties.

**Special Instructions:**

- 1) Please return a copy of the Minute Order to CEO’s Office. Please email Lindsay Walter ([liwalter@countyofsb.org](mailto:liwalter@countyofsb.org)) when ready for pick up.

**Attachments:**

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- A. Ground Lease Agreement
- B. Development Management Agreement
- C. Subrecipient Agreement
- D. Temporary Right of Entry
- E. CEQA Notice of Exemption
- F. PowerPoint presentation
- G. Planning Commission Conformity Report