

BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA
STATE OF CALIFORNIA
CLERK OF THE BOARD OF SUPERVISORS

* * * * *

M I N U T E O R D E R

April 27, 1993, in the a.m.

Present: Supervisors Mike Stoker, Naomi
Schwartz, Thomas A. Rogers, Willy
Chamberlin and Timothy J. Staffel; and
Zandra Cholmondeley, Clerk (Hall)

Supervisor Stoker in the Chair

RE: Mental Health Services - Execute Mental Health Housing Trust
Fund Agreement with Sanctuary Psychiatric Centers of Santa Barbara
awarding a secured grant of \$400,000 in Mental Health SB900 Trust
Funds for the provision of mental health housing. (93-18,603)

Chamberlin/Rogers Approved; Chair to execute.

cc: Health Care Services, Mental Health/Attn: Caryl J. Willard, MPA
(2 copies)

Subject: Execution of Mental Health Housing Trust Fund (MHF) Agreement with Sanctuary
Psychiatric Center of Santa Barbara.
Agenda Date: April 27, 1993

**Proposed Funding Agreement
Key Elements**

- A. In the first year of project operation, a minimum of 16% of the project beds are to be reserved for very low or low income clients referred by the County Mental Health Services Department, and throughout all subsequent years of the 30 year term of the Agreement, a minimum of 33% (i.e., an estimated 16) of the beds shall be available and affordable to County clients. The remainder of the project beds/units could be occupied by Sanctuary and/or additional mentally ill County clients. Regardless of the occupancy mix of Sanctuary and County clients, however, a minimum of 84% of the project beds/units shall be occupied by very low or low income persons.
- B. If within the 30 year term of the Agreement (and its occupancy requirements), Sanctuary fails or ceases to comply with the requirements set forth in the Agreement or disposes of its interest in the project, then Sanctuary shall reimburse the County for the Mental Health Housing Trust Fund grant as follows:
1. If repayment is required within 10 years, then 100% of the grant shall be repaid;
 2. For each year thereafter of the remaining 20 years of the 30 year term, the percentage of repayment shall be reduced by 5% of the grant amount per year.
- This contingent grant repayment obligation shall be represented by a promissory note secured by a recorded Deed of Trust on the project property (Exhibit B to the Agreement). The executed Agreement will also be filed for record in the County Clerk-Recorder's Office.
- C. The term of the County's commitment to reserve/provide the \$400,000 Mental Health Housing Trust Fund grant shall be one year from the date of execution of the Agreement. If Sanctuary is unable to comply with the conditions prerequisite to the County's disbursement of the grant (e.g., commitment of other needed funding, closing of escrow on project property) within that timeframe, the Agreement shall terminate unless extended by the County.

SANTA BARBARA COUNTY
AGENDA BOARD
LETTER



Clerk of the Board of Supervisors
Room 407 105 E. Anapamu Street
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number: A13

Department: Mental Health Services
Budget Unit: 5250
Agenda Date: April 27, 1993
Placement: Administrative
Estimated Time:
Continued Item: NO

APR 27 1993

COUNTY CLERK
BOARD OF SUPERVISORS
93 APR 20 PM 1:20

TO: Board of Supervisors
FROM: *MM* Merna McMillan, Ph.D., Director
Mental Health Services
STAFF CONTACT: Caryl Willard, MPA 681-5230 *MM*
SUBJECT: Execution of Mental Health Housing Trust Fund (MHHTF) Agreement with
Sanctuary Psychiatric Centers of Santa Barbara.

RECOMMENDATIONS:

C.A. Recommendation: _____

That the Board of Supervisors:

Authorize the Chairman to execute a Funding Agreement with Sanctuary Psychiatric Centers of Santa Barbara for a secured grant of \$400,000 in Mental Health Housing Trust Funds to be used as described below.

EXECUTIVE SUMMARY & DISCUSSION:

On April 28, 1992, following an involved proposal solicitation and review process and upon recommendation of the Mental Health Advisory Board, your Board conceptually approved the award of \$400,000 one-time Mental Health SB900 Trust Funds to assist Sanctuary Psychiatric Centers of Santa Barbara in purchasing an existing apartment type property in downtown Santa Barbara for mental health housing. The Mental Health Services Department was authorized to negotiate a Funding Agreement with Sanctuary. The remainder of mortgage financing for the purchase is proposed to be obtained through the State of California Health Facilities Financing Authority (CHFFA). Sanctuary's plan for project operation does not rely upon ongoing County funding; any subsequent County mental health funding support for optional, augmented client services would be entirely discretionary, and third party revenues will be sought for rehabilitative services.

As proposed, Sanctuary would convert and operate the property as a supervised independent living complex for persons within the County's mentally ill target population. The project would provide a minimum total of 40 beds with a minimum of 33% of the beds reserved for County Mental Health clients. Although Sanctuary would provide some optional rehabilitation services on-site, the project is intended to address primarily the identified need and client preference for supported independent living

18,603

Subject: Execution of Mental Health Housing Trust Fund (MHHF) Agreement with Sanctuary Psychiatric Center of Santa Barbara.

Agenda Date: April 27, 1993

Page: 2

opportunities and resources. In addition to increasing local mental health housing resources in general, the project also provides a suitable, cost-effective alternative to expensive, and often more restrictive, institutional settings. One of the main project goals is to offer clients affordable housing in the least restrictive setting feasible with access to the clinical and personal supports that will assist them to function as independently as possible. A summary of the key elements in the proposed Funding Agreement is attached.

MANDATES & SERVICE LEVELS:

The project is intended to increase significantly local housing available to County mental health clients at no ongoing cost to the County. The optional rehabilitation services to be provided on-site by Sanctuary will further increase and enhance client services.

FISCAL IMPACT:

The proposed \$400,000 grant will be funded from SB 900 Mental Health Trust Funds that have been committed for mental health housing uses by the Mental Health Advisory Board and the Board of Supervisors. The decision to use these funds for this purpose is in the sole discretion of the Board of Supervisors provided they are used for mental health purposes. These funds will not be released from the Trust Fund until the legal conditions in the Funding Agreement are met. No other County funding is presently proposed for or committed to the project.

SPECIAL INSTRUCTIONS:

Please send two copies of the Minute Order and two originals of the signed Agreement to Caryl J. Willard, MPA, Mental Health Administration, 300 North San Antonio Road, Santa Barbara, CA 93110.

Concurrences:

Auditor-Controller
County Counsel
Risk Management

Sanctuary Psychiatric Centers of Santa Barbara
County Administrator's Contract Checklist

Please complete the following checklist for all contracts to be submitted to the Board of Supervisors for approval. Include the completed checklist when you submit your contract to County Counsel for approval and with your Board letter.

1. Is the contract for a "public project" as defined in Public Contracts Code section 22002, and for more than \$25,000?

Yes. The contract must be informally bid (\$25,000 to \$75,000) or competitively bid (over \$75,000) unless it qualifies for an exemption.

No. The contract need not be competitively bid, unless required by the County Code--see below.

2. Is the contract required to be competitively bid pursuant to Section 2-39 et seq. of the County Code, i.e., contracts for materials, supplies, furnishings, equipment, livestock and other personal property?

Yes. Yes, but a waiver was received from ___ Purchasing Agent (contract under \$25,000), or
 Board of Supervisors (contract of \$25,000 or more).

No.

3. If the contract was competitively bid, i.e., you initiated requests for quotations or requests for proposals:

How many quotations or proposals did you receive? 3

Was the contract awarded to the firm/individual submitting the lowest responsible monetary bid? ___
If no, please indicate why?

Both quantitative and qualitative aspects of the proposals were considered. The proposal selected best met the needs and priorities of the Department and its clients.

4. If not previously answered, please give the reasons a competitive bid process was not used for this contract.

N/A

5. Is this a new contract or a renewal?

New.

Renewal. If a renewal and not competitively bid, when was the last time bids were requested?

6. Will this contract displace County employees, eliminate regular employee positions, or be used in lieu of a regular or extra help position?

Yes. Have we satisfied our obligations to meet with relevant employee unions on this matter?

No.

7. Please make sure that the following information is included in all contracts submitted to the Board for approval. Contract approval may be delayed, and the contract may need to be rewritten, if the information is not included:

● A complete description of products/services to be delivered including any applicable quantities, qualities or other specifications to be met.

● A description of contract milestones and anticipated dates for their accomplishment.

● The individual, excluding yourself as department head, responsible for monitoring contract performance and approving payment invoices.

8. In the Fiscal Impact section of the Board letter, please indicate where the appropriation for the contract is budgeted, e.g., Budget Unit 0130, Account 7460, and identify other known potential financial impacts. COMPTON 5/1/82

(Information on this form should be typed)

BOS Agenda: 4-24-93
New Contract

AUDITOR-CONTROLLER
CONTRACT DATA SHEET
BOARD CONTRACTS

CONTRACTOR'S INFORMATION

CONTRACT AWARDED TO: Sanctuary House of Santa Barbara, Inc.

PAYEE NAME d/b/a Sanctuary Psychiatric Centers of Santa Barbara

MAILING ADDRESS P.O. box 551

CITY Santa Barbara

STATE CA

ZIP 93102

PHONE # (805) 569-2785 *

VENDOR # 695810

TAXPAYER I.D. # 95-3066-786

*Barry Schoer, Executive Director

CONTRACT INFORMATION

BEGIN DATE April 27, 1993

END DATE April 26, 1994

GROSS AMOUNT \$400,000.00

YES NO XX

Is there an automatic extension clause?

CONTRACT # *

(assigned by auditor-controller)

PROJECT # Mental Health Housing Trust Fund Project

*New Contract, See Enid Pence

DEPARTMENTAL INFORMATION

CONTACT PHONE EXT 5265

CONTACT NAME Jette Christiansson

FUND # 0001

DEPT # 5250

ACCT # 7460

DIV # 5000

YES NO XX

encumber contract

None

Current year encumbrance

PAYMENT TERMS

NET 30

2% DISCOUNT IF PAID WITHIN

10 DAYS, OTHERWISE NET 30

OTHER (SPECIFY)

(must be approved by Auditor-Controller)

REQUEST FOR TAXPAYER IDENTIFICATION NUMBER FORM MUST ACCOMPANY THIS FORM

RECORDING REQUESTED BY:

County of Santa Barbara
Clerk of the Board of
Supervisors
Signed: *Granddyne D. Hall*
Date: 4/30/93

WHEN RECORDED MAIL TO:

(Same as above.)

93-037076

Total

.00

Recorded
Official Records
County of
Santa Barbara
Kenneth A Pettit
Recorder

2:06pm 17-May-93

COSB

CC 25

(No fee per Government Code 6103)

FUNDING AGREEMENT FOR MENTAL HEALTH HOUSING TRUST FUNDS
Between

THE COUNTY OF SANTA BARBARA

And

SANCTUARY PSYCHIATRIC CENTERS OF SANTA BARBARA

THIS AGREEMENT is made by and between the

COUNTY OF SANTA BARBARA, a political subdivision of the State
of California, hereinafter referred to as "COUNTY"; and

SANCTUARY HOUSE OF SANTA BARBARA, INC., d/b/a Sanctuary
Psychiatric Centers of Santa Barbara, hereinafter referred to
as "SANCTUARY";

with reference to the following:

WHEREAS, in June, 1991 the COUNTY Mental Health Services
Department issued a Notice of Funding Availability/Request for
Proposal (NOFA/RFP) soliciting proposals for the use of up to
\$400,000 in Mental Health Housing Trust Funds (hereinafter
sometimes referred to as "MHHTFs") to develop or acquire
residential settings for mentally ill persons; and

WHEREAS, SANCTUARY submitted a proposal pursuant to the
County's NOFA/RFP to purchase an existing multi-unit complex in
downtown Santa Barbara for conversion and operation by SANCTUARY as
a supervised independent living complex for persons within the
COUNTY's mentally ill target population; and

WHEREAS, upon the recommendation of the COUNTY's Mental Health
Services (MHS) Department (hereinafter referred to as "the
Department") and Mental Health Advisory Board, the COUNTY Board of
Supervisors in April, 1992 conceptually approved SANCTUARY's
proposed project and authorized the Department to negotiate an
agreement with SANCTUARY for the use of the requested MHHTF monies.

NOW, THEREFORE, in consideration of the premises, promises,
covenants and conditions herein contained, COUNTY and SANCTUARY
hereby agree as follows:

1. PROJECT DESCRIPTION; AMOUNT AND USE OF MHHTF

(A) Subject to the terms and conditions contained in this Agreement, COUNTY agrees to provide to SANCTUARY a Grant of Mental Health Housing Trust Funds in a total amount not to exceed Four Hundred Thousand Dollars (\$400,000), to assist SANCTUARY in purchasing an existing multi-unit complex in the City of Santa Barbara (hereinafter referred to as "the project"). A more specific description of the project is set forth in Exhibit A, attached hereto and by this reference made a part hereof. The project shall provide a minimum total of forty (40) beds for use and occupancy as set forth in Paragraph 3 herein. This funding assistance shall be subject to a contingent grant repayment obligation, in accordance with Section 4 herein.

(B) (i) A pre-escrow advance of up to five percent (5%), or a total of \$20,000 of the total amount of MHHTFs available to SANCTUARY pursuant to this Agreement may be advanced prior to the opening of any escrow and may be used for out-of-pocket project financing and/or escrow costs such as loan application fees, property appraisal and inspection fees, and the earnest money deposit to open escrow, and for SANCTUARY staff, administrative, and consultant costs incurred in packaging the project, provided however, that no more than \$10,000 of said \$20,000 pre-escrow advance of MHHTFs shall be advanced for said staff, administrative and consultant costs.

(ii) The balance of the MHHTFs shall be disbursed only through and upon the close of escrow and may be applied towards project design and predevelopment expenses (e.g., architect/engineer/legal fees, permit and licensing fees), real property acquisition and related escrow costs, and/or equity participation required to purchase and convert the property.

(C) MHHTF monies provided to SANCTUARY pursuant to this Agreement shall be used exclusively for the purposes expressly authorized herein. If, at any time within applicable statutory periods of limitation, it is determined by COUNTY that the funds provided under the terms of this Agreement have been used by or on behalf of SANCTUARY in a manner or for a purpose not expressly authorized by this Agreement, SANCTUARY shall, at COUNTY'S request, pay immediately to COUNTY an amount equal to one hundred ten percent (110%) of any amount expended in violation thereof, together with all of COUNTY'S costs of collection, including attorneys' fees, if any.

2. TERM OF COUNTY MHHTF COMMITMENT

The term of the COUNTY'S commitment to reserve/provide the \$400,000 MHHTF grant to SANCTUARY as provided herein shall be twelve (12) months from the date of execution of this Agreement, subject to extension and termination as hereinafter provided. This term may

be extended by letter agreement executed by and between SANCTUARY and the Director of the COUNTY MHS Department. Upon extension, all of the other terms and conditions of this Agreement shall remain in full force and effect.

In the event that SANCTUARY is unable to comply with the conditions prerequisite to the COUNTY's disbursement of the MHHTF monies for the purchase of the project as provided in this Agreement within the term set forth herein, or any extensions thereof, this Agreement shall terminate and be of no further force and effect.

3. PROJECT OCCUPANCY AND AFFORDABILITY REQUIREMENTS

(A) For the purposes of this Section, the following terms and definitions shall apply:

(i) "Very Low-Income Client" - A "Very Low-Income Client" is a client whose annual gross income does not exceed the Supplemental Security Income (SSI) annual allowance as established and periodically revised by the Social Security Administration.

(ii) "Low-Income Client" - A "Low-Income Client" is a client whose annual gross income does not exceed fifty percent (50%) of the COUNTY's median income figure for a one-person household, as established and periodically revised by the U.S. Department of Housing and Urban Development (HUD) for the Public Housing and Section 8 Rental Assistance Programs administered by the appropriate local jurisdiction within which the project is located.

(iii) "Affordable Residential Rates" - The maximum affordable residential rates are established on a per unit or room, rather than a per person, basis. "Affordable Residential Rates" for very low-income units shall not exceed thirty percent (30%) of the COUNTY's adopted [monthly] income figures for very low-income households as established for each household size and periodically revised by the COUNTY's Resource Management Department, and for low-income units shall not exceed the applicable Fair Market Rent (FMR) based on unit size as established and periodically revised by HUD pursuant to the Section 8 Program administered by the appropriate local jurisdiction within which the project is located.

(B) SANCTUARY agrees that project occupancy and affordability requirements as set forth herein shall remain in effect, unless terminated sooner pursuant to this Agreement, for a period of no less than thirty (30) years following the date on which the Grant Deed transferring title to the project property to SANCTUARY is recorded in the Official Records of Santa Barbara County (hereinafter referred to as the "date of recordation").

(C) As COUNTY-approved revised income limits and affordable residential rates are released by the respective agencies identified herein, but not more frequently than once per year,

SANCTUARY may, upon notification to the Department, adjust project residential rates in accordance with effective COUNTY standards and requirements. Under no circumstances, however, shall project rates be increased or decreased by more than ten percent (10%) for any given one-year period. SANCTUARY shall be responsible for obtaining updated or revised income limits and affordable residential rates from the respective issuing agencies.

(D) SANCTUARY agrees that the project shall be maintained and operated as a residential living facility with on-site treatment services in accordance with the terms of this Agreement, and that all of the project units/beds shall be occupied by mentally ill adult clients of COUNTY and SANCTUARY as follows:

(i) In the first year of project operation, a minimum of sixteen percent (16%) of the project beds shall be available to at affordable residential rates, and occupied by very low- or low-income clients referred by the COUNTY Mental Health Services Department, and in the second and all subsequent years, a minimum of thirty-three percent (33%) of project beds shall be available to affordable residential rates and occupied by very low- or low-income clients referred by the COUNTY Mental Health Services Department.

(ii) At any given time throughout the thirty (30)-year period set forth in Paragraph 3.(B) above, a maximum of sixteen percent (16%) of project beds may be made available at market rates, without reference to income eligibility.

(iii) The remainder of project beds may be available to at affordable residential rates and occupied by very low- or low-income clients referred by either the COUNTY Mental Health Services Department or SANCTUARY.

(iv) In the event that the Department is unable to refer an eligible COUNTY client to occupy a COUNTY-reserved project bed for a period of thirty (30) days or more after said bed becomes vacant or available for occupancy, then SANCTUARY may make said bed available for occupancy by a mentally disordered SANCTUARY client who is income-eligible as provided above.

(E) Pursuant to the foregoing project affordability and occupancy requirements, SANCTUARY shall establish written procedures and forms for reviewing client incomes and determining client eligibility to reside at the project. Such procedures shall be reviewed and approved by the Department prior to implementation.

4. CONTINGENT GRANT REPAYMENT OBLIGATION

(A) In the event that during the thirty (30)-year period commencing on the date of recordation of the Grant Deed conveying title to the project property to SANCTUARY, SANCTUARY ceases or

fails to comply with the requirements set forth in Sections 3, 6 and/or 7.(B) herein, or disposes of its interest in the project, then SANCTUARY shall, upon written demand by COUNTY, reimburse COUNTY for a percentage of the total MHHTF grant amount provided to SANCTUARY pursuant to this Agreement in accordance with the following repayment schedule:

(i) If repayment is required within ten (10) years from said date of recordation, then one hundred percent (100%) of the MHHTF grant amount provided shall be repaid.

(ii) On the anniversary of each year thereafter within the remaining twenty (20) years of said thirty (30) year period, the percentage of repayment to COUNTY shall be reduced by five percent (5%) of the total grant amount per year.

(B) This contingent grant repayment obligation set forth in this Section 4 shall be represented by a promissory note secured by a recorded Deed of Trust and Assignment of Rents in the project property as set forth in Exhibit B, attached hereto and by this reference made a part hereof. The COUNTY agrees to subordinate its security interest in the project property to other principal project lender(s) as required to secure other necessary financing for the acquisition of the project. In the event of any such subordination, however, the project occupancy and affordability requirements set forth in Section 3 herein shall remain in effect unless or until the COUNTY MHS Department approves the application of more stringent requirements submitted by SANCTUARY for COUNTY approval.

(C) The parties hereto agree that the contingent repayment obligation set forth above is a remedy to be elected in the discretion of COUNTY, and that it shall be in addition to, and not in lieu of any other remedy to which COUNTY may be entitled at law or in equity. Specifically, SANCTUARY agrees that an action at law would be inadequate to achieve the objectives of COUNTY in entering into this Agreement, and that COUNTY shall be entitled to specific enforcement in equity of the provisions of this Agreement.

(D) Anything herein to the contrary notwithstanding, at the conclusion of the thirty (30)-year period set forth above, if not earlier repaid, and provided that there is no action pending at law or in equity between the parties regarding enforcement of the terms and conditions of this Agreement, this conditional grant repayment obligation shall terminate, and the grant referred to in Section 1 herein shall become fully vested.

5. METHOD AND CONDITIONS FOR DISBURSEMENT OF FUNDS TO SANCTUARY

Disbursements to SANCTUARY of the funds provided for in Section 1 herein, shall be made in accordance with the following procedures and subject to the following conditions: