

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

April 23, 2024

FROM

CARRIE HARMON, Director, Community Development and Housing Department

SUBJECT

Funding Commitment Resolution for the Operation Grace Navigation and Wellness Center

RECOMMENDATION(S)

Adopt a **Resolution No. 2024-41** committing up to \$1,250,000 to Operation Grace for the renovation of an existing building, located in the City of San Bernardino, to provide interim housing and supportive services to unsheltered transitional aged youth.

(Presenter: Carrie Harmon, Director, 382-3983)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote the Countywide Vision.

Create, Maintain and Grow Jobs and Economic Value in the County.

Ensure Development of a Well-Planned, Balanced and Sustainable County.

Provide for the Safety, Health and Social Services Needs of County Residents.

Pursue County Goals and Objectives by working with Other Agencies and Stakeholders.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The proposed Resolution will commit up to \$1,250,000 from the San Bernardino County (County) Housing Development Grant Fund (Fund), established as part of the Homeless Initiatives Spending Plan approved by the Board of Supervisors (Board) on March 28, 2023 (Item No. 21). Budget adjustments are not requested at this time but will be included in a future item when the agreement with Operation Grace for these funds is presented to the Board for consideration.

BACKGROUND INFORMATION

On March 28, 2023 (Item No. 21), the Board approved the County Homeless Initiatives Spending Plan that advances the goals and objectives of the County's Homeless Strategic Action Plan. This approval included the establishment of the Housing Development Grant Fund (Fund) to increase housing and sheltering capacity through partnerships with local cities and other stakeholders. The primary objective of the Fund is to provide gap funding for capital development projects that strengthen the regional response to homelessness and provide viable pathways from the streets to permanent housing.

The 2023 Point-In-Time Count (PITC) found a total of 4,195 homeless individuals residing in the County on January 26, 2023, which included 2,976 unsheltered individuals. These totals represent a 25.9% increase in the number of homeless individuals and a 24.6% increase in the number of unsheltered individuals from the 2022 PITC. The 2023 PITC also determined that

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1,502 homeless individuals, which included 1,017 unsheltered individuals, were in the City of San Bernardino (City). This accounts for 35.8% of the total county homeless population. There are currently 422 shelter/interim housing beds and 62 permanent supportive housing units within the City, thereby demonstrating an urgent need to build and expand the appropriate housing and social service infrastructure to address homelessness.

Operation Grace is a housing provider that has been providing emergency shelter assistance and housing solutions to individuals and families in the City since 1993. Operation Grace operates a shelter that houses single women and women with children, and also provides a food distribution program. The organization is currently developing the Operation Grace Navigation and Wellness Center (Wellness Center), a housing project that involves the restoration and remodeling of an existing building to create 28 beds for transitional aged youth between the ages of 18 and 24. The Wellness Center will also include an animal kennel and provide services such as wellness activities and job training. The Wellness Center site, located at 105 N. Del Rosa Drive in San Bernardino, is ideally located near public transportation and major employers.

In 1998, Grace Chapel, then known as Grace Apostolic Church, acquired the site from the United States Department of Health and Human Services (HHS) requiring the property be used for health purposes for a term of 30 years. The Wellness Center project is contingent on HHS allowing the recordation of a Regulatory Agreement and a Deed of Trust on the property to secure the County’s Revocable Grant Agreement.

The total estimated capital budget for the Wellness Center project is \$3,602,201, which equates to a \$128,650 development cost per bed. To date, \$2,352,201 in funding has been secured through private funding, leaving a funding gap of \$1,250,000. Construction at the site has begun in the form of demolition, hazardous waste removal, and the excavation and replacement of the main sewer line.

In early August 2023, the Community Development & Housing Department (CDH) released a Fund Request Form (FRF) for County Fund projects that would produce interim housing beds, permanent supportive housing units, or affordable housing units. All submitted proposals are evaluated using the San Bernardino County Housing Development Guidelines (Housing Guidelines) that were approved by the Board on January 23, 2024 (Item No. 29). The Housing Guidelines establish the following criteria to be used as benchmarks to evaluate projects for County investment.

Criteria	Benchmarks
Project Proforma	Standard project proforma submitted that clearly identifies all capital funding sources.
Operational Plan	Detailed operational plan that identifies supportive services, property costs, and identification of all revenue sources to support operations.
Need (based on most recent PITC; city and district level)	Funding targeted to cities and districts disproportionately impacted by homelessness.
Type of Facility	Priority given to low-barrier, navigation facilities; facilities that will serve as regional hubs.

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Bed Capacity	Priority given to navigation center projects providing 100 or more beds. Other projects with specialty beds will be considered on their own merit.
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Operation Grace submitted an FRF in early February 2024 to bridge the remaining \$1,250,000 funding gap for the Wellness Center project (Project). The Project was evaluated against the above criteria and was determined to meet or exceed the established benchmarks. Particularly, the area of strengths in the Project are providing specialty needs beds to Transitional Aged Youth and the ability to leverage significant funding for both capital development and operations. The Wellness Center aligns with the service enriched housing model which is a best practice model under the Housing Guidelines.

CDH has reviewed the Project for feasibility, impact, project readiness, and operational sustainability. CDH recommends approval of a funding commitment Resolution, and upon approval, will initiate contract negotiations with Operation Grace regarding the funding terms. CDH will return to the Board at a future date to obtain approval of the funding agreement with Operation Grace contingent upon HHS authorizing a Deed of Trust and a Regulatory Agreement to be recorded on the property. Should the Board approve a funding commitment Resolution and HSS authorizes the recordation of a Deed of Trust and Regulatory Agreement on the property, Operation Grace expects to be able to move forward with bringing 28 new beds online and completing the Wellness Center project by September 2024.

PROCUREMENT

In early August 2023, CDH released a FRF for County Fund projects that would produce interim housing beds, permanent supportive housing units, or affordable housing units. Operation Grace submitted an FRF in early February 2024 for the Wellness Center project.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on March 14, 2024; Finance (Christopher Lange, Administrative Analyst, 386-8393) on March 14, 2024; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0332) on March 14, 2024.

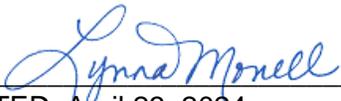
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: April 23, 2024



cc: File - Community Development & Housing w/resolution
CCM 04/29/2024