

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

February 10, 2026

FROM

CARRIE HARMON, Director, Community Development and Housing Department

SUBJECT

Revocable Grant Agreement with Lutheran Social Services of Southern California to Develop the San Bernardino Wellness Campus

RECOMMENDATION(S)

1. Approve the Revocable Grant **Agreement No. 26-71**, and its related exhibits, in an amount not to exceed \$1,480,000, with Lutheran Social Services of Southern California, to assist with the development of the interim housing located at 1328, 1329, and 1354 North G Street in the City of San Bernardino, as part of the San Bernardino Wellness Campus, to be used as interim housing for individuals experiencing homelessness or at risk of homelessness, for a 15-year term commencing upon completion of the improvements.
2. Approve the Subordination and Intercreditor **Agreement No. 26-72** between San Bernardino County, Lutheran Social Services of Southern California, and the City of San Bernardino regarding the City's \$1,798,969 Permanent Local Housing Allocation funds.
3. Authorize the Chair of the Board of Supervisors, the Chief Executive Officer, or the Director of the Community Development and Housing Department, to make necessary non-substantive amendments to the Revocable Grant Agreement and its related exhibits, the Subordination and Intercreditor Agreement, and to execute all required documents, including escrow instructions and related instruments, necessary to complete the transaction, subject to County Counsel review.
4. Direct the Director of Community Development and Housing Department to transmit any non-substantive amendments to the agreements in Recommendation Nos. 1 and 2, to the Clerk of the Board of Supervisors within 30 days of execution.
5. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments, as detailed in the Financial Impact section (Four votes required).

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

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Promote and Fulfill the Countywide Vision.

Create, Maintain and Grow Employment Opportunities and Economic Value in the County.

Foster Sustainable Development Through Strategic Partnerships.

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

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). This item seeks authorization for the use of up to \$1,480,000 in Housing and

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Homelessness Incentive Program (HHIP) funds to support the construction and expansion of the interim housing component of the San Bernardino Wellness Campus (SBWC).

The Community Development and Housing Department (CDH) requests the following adjustments to its 2025-26 budget:

Cost Center	Commitment Item/GL	Description	Action	Amount
6210002493	53003205	Public Assistance	Increase	\$1,480,000
6210002493	40408995	State-Grants	Increase	\$1,480,000

BACKGROUND INFORMATION

CDH continues to lead countywide efforts to expand interim and permanent housing solutions that reduce homelessness, strengthen neighborhoods, and promote inclusive community revitalization. CDH administers state and federal programs that finance the development of emergency and interim housing, providing immediate shelter and wraparound services that serve as gateways to long-term life stability and independence.

Over the past three years, CDH has strategically focused on expanding regional housing capacity to comprehensively address homelessness across San Bernardino County (County), in collaboration with cities, the Continuum of Care, and other key community stakeholders. The City of San Bernardino (City) — home to the largest unsheltered population (34% of all unsheltered residents) in the County per the 2025 Point-in-Time Count — has been a priority in these efforts.

To address this urgent need, CDH and the City have collaborated to provide financial support to the SBWC, a joint initiative that will construct an existing shelter campus operated by Lutheran Social Services of Southern California (LSSSC). The City originally received a \$30.78 million Homekey Round 3 (Homekey) grant from the State of California (State) to develop the SBWC. The SBWC will replace and improve an existing 75-bed emergency shelter and limited-service facilities with a comprehensive wellness and housing campus integrating emergency and interim housing, on-site healthcare, and supportive services. The new facility will serve as a regional access hub, providing coordinated care pathways that move individuals from crisis to stability while reducing service duplication and long-term public costs.

The SBWC is being developed by LSSSC, in partnership with DignityMoves, a non-profit modular housing developer recognized for delivering high-quality interim housing through rapid, cost-efficient construction models that leverage proven design and delivery methods to achieve accelerated timelines, operational efficiency, and measurable social impact.

The original project cost of \$30.78 million was funded by the above-noted Homekey grant. Due to a newly imposed State solar infrastructure requirement and unanticipated utility connection fees, the total project cost has risen to \$34.05 million creating a \$3.28 million funding gap after the SBWC project had commenced. The City has committed approximately \$1.8 million in Permanent Local Housing Allocation (PLHA) funds, leaving a remaining \$1.48 million shortfall.

To close this gap and ensure completion, LSSSC has requested \$1.48 million in County HHIP funds. County participation will preserve and fully leverage the \$30.78 million State investment and the City’s contribution, ensuring the SBWC achieves timely completion and operational readiness. The SBWC’s financial structure requires the County to enter into a Subordination and

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Intercreditor Agreement between the City and LSSSC, under which the County's HHIP funds will be subordinate to the City's PLHA loan and the Homekey grant.

The SBWC project will provide housing for chronically homeless individuals, veterans, and those previously incarcerated, along with integrated healthcare, supportive services, and wellness programs. As a one-stop community care center with easy access to transit, it will help residents secure stable housing, improve health outcomes, and strengthen community stability, benefiting both residents and the surrounding neighborhood.

- **Total Units:** 140 new interim housing units
- **Estimated Construction Cost per Unit:** \$243,000
- **Estimated Individuals Served Annually:** 837
- **Leveraging local dollars:** Exceeds 20:1 ratio

The project currently is scheduled for substantial completion and occupancy by early spring 2026. Upon completion, the SBWC will expand sheltering and coordinated care, strengthening service delivery systems and improving long-term housing stability outcomes within the City.

This investment aligns with the Board-approved Homeless Initiatives Spending Plan (March 28, 2023, Item No. 21), which prioritizes projects that expand shelter and interim housing capacity. Approval of this item represents a strategic investment opportunity for the County by advancing a high-priority regional project that will expand shelter capacity, establish a centralized wellness and service hub, and strengthen the overall continuum of care for individuals experiencing homelessness throughout the region.

PROCUREMENT

Purchasing supports this non-competitive procurement based on specialized credentials. As outlined above, LSSSC and DignityMoves are currently performing construction work funded through the Homekey grant. During project implementation, State-mandated solar infrastructure requirements created unforeseen additional costs that exceed the grant award. CDH has determined that it is in the County's best interest to complete the project without delay.

Because LSSSC and DignityMoves are already engaged in construction activities on site, they are best positioned to complete the added solar-related work. Procuring another vendor for this limited portion of the project would significantly impact the construction schedule and could jeopardize timely completion. The current vendors are already mobilized and possess the necessary knowledge, site access, and qualified personnel to carry out the additional requirements efficiently and without disruption.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on December 18, 2025; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on December 9, 2025; Purchasing (Ariel Gill, Supervising Buyer, 387-2070) on December 11, 2025; and County Finance and Administration (Paul Garcia, Administrative Analyst, 386-8392) on December 22, 2025.

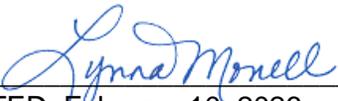
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Record of Action of the Board of Supervisors
San Bernardino County

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: February 10, 2026



cc: CDH - Harmon w/agrees
Contractor - c/o CDH w/agree
File - w/agree
CCM 02/10/2026