

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

**March 26, 2024**

**FROM**

**CARRIE HARMON, Director, Community Development and Housing Department**

**SUBJECT**

Revocable Grant Agreement with HHCA RE2421, LLC and Helping Hearts California, LLC for the Kern Street Facility Project

**RECOMMENDATION(S)**

1. Approve Revocable Grant Agreement, and its related exhibits, in an amount not to exceed \$2,500,000, with HHCA RE2421, LLC and Helping Hearts California, LLC, to increase homeless housing capacity at the Kern Street Facility project for a 20-year term commencing on March 26, 2024.
2. Approve the non-financial Regulatory Agreement with HHCA RE2421, LLC and Helping Hearts California, LLC, incorporated by the terms of the Revocable Grant Agreement in Recommendation No. 1, to restrict the use to homeless housing at the Kern Street Facility project for a 20-year term commencing on March 26, 2024.
3. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments as detailed in the Financial Impact section (Four votes required).
4. Authorize the Chief Executive Officer or Director of the Community Development and Housing Department, subject to review by County Counsel, to execute the Regulatory Agreement and make any necessary non-substantive modifications to the exhibits attached to the Revocable Grant Agreement to conform to the transaction and execute all required documents, including escrow instructions, related this transaction.
5. Direct the Director of the Community Development and Housing Department to transmit the Regulatory Agreement and modifications to the related exhibits attached to the Revocable Grant Agreement to the Clerk of the Board of Supervisors within 30 days of execution.

(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 Service 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 Discretionary General Funding (Net County Cost). The Revocable Grant Agreement (Agreement) with HHCA RE2421, LLC (a partnership which includes LBIHH Ventures, LLC, Wims Ventures, LLC, Kendrew Investment, LLC) (Developer) and Helping Hearts California, LLC (Service Provider) (collectively, the Grantee), in

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an amount not to exceed \$2,500,000, for expansion of the Kern Street Facility (Facility), is funded by the County Homeless Housing, Assistance and Prevention (HHAP) Round 3 Grant.

Approval of this item authorizes the Auditor-Controller/Treasurer/Tax Collector to post the following budget adjustments to the Community Development and Housing Department’s (CDH) and the Office of Homeless Service’s 2023-24 budget necessary to fund the Agreement for expansion of the Facility.

<b>Cost Center</b>	<b>Commitment Item/GL</b>	<b>Description</b>	<b>Action</b>	<b>Amount</b>
6210002477	53003205	Public Assistance	Decrease	\$2,500,000
6210002477	55305030	Operating Transfer Out	Increase	\$2,500,000
6210002496	40909975	Operating Transfer In	Increase	\$2,500,000
6210002496	53003205	Public Assistance	Increase	\$2,500,000

**BACKGROUND INFORMATION**

The Facility, located in the unincorporated community of Muscoy, is an existing 10-bed Social Rehabilitation (SR) home that serves the housing and supportive services needs of justice involved individuals with Severe Mental Illness (SMI) and/or co-occurring Substance Use Disorders (SUD). The Facility is owned by the Developer and operated by the Service Provider.

The Agreement will result in the County providing up to \$2,500,000 of HHAP Round 3 funding to increase bed capacity at the Facility, transforming the 10-bed SR home into a 30-bed Adult Residential Facility (ARF). The estimated total construction cost of the Facility is \$3,831,250, which equates to \$191,563 per additional bed. The County HHAP Round 3 Grant funding of \$2,500,000 will account for up to 65% of the total estimated construction cost. The remaining estimated construction cost of \$1,331,250 will be covered by other grant funds.

To secure the County’s interest in the project, the Grantee will be required to execute a Regulatory Agreement for a 20-year term and record a Deed of Trust to secure compliance with the Regulatory Agreement. The County’s lien position will be subordinate to two existing loans from Citizens Business Bank in the combined total amount of \$500,000. This is allowed under the state regulations and requirements for the HHAP grant program.

Recommendation No. 4 authorizes the Chief Executive Officer or Director of the Community Development and Housing Department to execute required documents, including but not limited to escrow instructions and certificate of completion related to this transaction.

Upon execution of the recommended Agreement, and the Developer securing the additional funding, the Developer will begin construction in the winter of 2025. Beds are anticipated to be available for occupancy in the spring of 2026. The table below provides an estimated project timeline.

<b>Description</b>	<b>Commencement Month/Year</b>
Project Management	April 2024
Design Development	April 2024
Entitlements	April 2024
Engineering	April 2024
Construction	February 2025
Project Completion	February 2026
Certificate of Occupancy	March 2026

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The Service Provider will implement the Housing First model at the Facility and provide justice involved homeless individuals or individuals at risk of homelessness who are referred through the Coordinated Entry System with housing and supportive services that are designed for individuals with SMI and/or co-occurring SUD. Residents of the Facility will receive case management, care coordination, transportation to medical and psychiatric appointments and other customized programming to meet identified needs.

The Service Provider has operated in the Inland Empire since 2015, successfully managing several residential rehabilitation and recuperative care facilities in the region. The Service Provider is also the current contracted provider with the Department of Behavioral Health (DBH), providing behavioral health services at the Facility. Upon completion of the Facility's transformation to a 30-bed ARF, DBH anticipates presenting a contract with the Service Provider of the 30-bed ARF for the Board of Supervisors' (Board) review and approval, to provide delivery of on-site enhanced Board & Care (B&C) services for physical and emotional wellness. The Service Provider will also receive the monthly Community Care Licensing Division B&C rate per housed individual, which can be used to support Facility operational costs for the 30-bed ARF.

The Board has implemented steps to address the need to make substantial and lasting impacts to decrease homelessness in the county. On November 17, 2020 (Item No. 43), the Board approved the creation of the Homeless Strategic Plan (Plan). On March 28, 2023 (Item No. 21), the Board approved the County Homeless Initiatives Spending Plan to financially support the expansion of homeless housing capacity countywide. The Facility's expansion was identified in the Homeless Initiatives Spending Plan and advances the Board's goals of increasing homeless housing capacity, reducing the unsheltered population, and serving those most at-risk.

**PROCUREMENT**

County Policy 11-04 requires Board approval for services exceeding \$200,000 in a single annual period. The Purchasing Department concurs with the non-competitive justification of the Agreement based on the current DBH contract with the Service Provider, and as the Facility is owned by the Grantee, the Service Provider manages the care of patients at this Facility.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Suzanne Bryant and John Tubbs II, Deputies County Counsel, 387-5455) on February 21, 2024 and March 18, 2024; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on February 21, 2024; Purchasing (Leo Gomez, Purchasing Manager, 387-2063) on February 14, 2024; Finance (Christopher Lange, Administrative Analyst, 386-8392) on March 12, 2024; and County Finance and Administration (Cheryl Adams, Deputy Executive Officer, 388-0332) on March 12, 2024.

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Record of Action of the Board of Supervisors  
San Bernardino County

**OFF 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: March 26, 2024



cc: File - Community Development & Housing  
CCM 03/29/2024