

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

December 17, 2019

FROM

VERONICA KELLEY, Director, Behavioral Health

SUBJECT

California Housing Finance Agency Local Government Special Needs Housing Program Financing Applications – Desert Haven and Liberty Lane

RECOMMENDATION(S)

1. Ratify the submittal of Local Government Special Needs Housing Program Financing Applications to the California Housing Finance Agency for Liberty Lane, in collaboration with Redlands Supportive Housing, LP, in the amount of \$1,050,000, by the Director of the Department Health, as the County Mental Health Director.
2. Authorize submittal of Local Government Special Needs Housing Program Financing Application to the California Housing Finance Agency for Desert Haven, in collaboration with Housing Partners Once, Inc. for Desert Haven Victorville, LP, in the amount of \$2,173,699, and designate the Director of the Department of Behavioral Health, as the County Health Director, to execute the application, as required by the California Housing Finance Agency.
3. Designate the Director of the Department of Behavioral Health, as the County Mental Health Director, to execute any subsequent non-substantive revisions to the applications, on behalf of the County, subject to County Counsel review.
4. Direct the Director of the Department of Behavioral Health, as the County Mental Health Director, to transmit all documents in relations to the application to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Veronica Kelley, Director, 388-0801)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

This item does not impact Discretionary General Funding (Net County Cost). The applications, in the amount of \$3,223,699 (Desert Haven \$2,173,699; Liberty Lane \$1,050,000) will be funded through the California Mental Health Services Act (MHSA) Housing Program. There are no locally held County funds; these are one-time capital funds held by California Housing Finance Agency (CalHFA) for new construction.

The Housing Partners Once, Inc. for Desert Haven Victorville, LP application to CalHFA includes the \$2,173,699 in capital funding. The capital funding loan from CalHFA will be re-paid by The Housing Partners Once, Inc. for Desert Haven Victorville, LP.

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The Redlands Supportive Housing, LP application to the CalHFA includes the \$1,050,000 in capital funding. The capital funding loan from CalHFA will be re-paid by Redlands Supportive Housing, LP.

CalHFA imposed a 5% administrative fee, known as a Participation Fee, of \$198,280 on December 30, 2016. The fee was paid through MHSA Housing Program funding.

BACKGROUND INFORMATION

Upon ratification and approval by the Board of Supervisors (Board), the Department of Behavioral Health (DBH) will collaborate with Housing Partners Once, Inc. for Desert Haven Victorville, LP and Redlands Supportive Housing, LP to prepare and submit two Local Government Special Needs Housing Program (SNHP) Financing Applications to CalHFA, in the total amount of \$3,223,699. In addition, approval is requested to allow the DBH Director, as the County Mental Health Director, to sign the SNHP Financing Applications, as required by CalHFA.

The SNHP is an option for local governments to begin or continue to develop supportive housing for MHSA-eligible persons, and to more fully use MHSA funds for housing purposes. It was created as a bridge between the expired MHSA Housing Program and the No Place Like Home (NPLH) Program, which is now up and running through the Department of Housing and Community Development (HCD).

On November 17, 2015 (Item No. 19), the Board authorized the DBH Director to sign the SNHP Financing Application form and approved the commitment of \$1,850,000 of MHSA Housing Program funds for participation in the CalHFA SNHP to assist in the financing the construction cost of the Liberty Lane Project. On January 26, 2017, CalHFA reapportioned funds allocated to the Liberty Lane into the SNHP.

On February 14, 2017 (Item No. 21), the Board authorized DBH to request CalHFA transfer \$900,000 in MHSA Housing Program funds from the Phoenix Apartments Project to the Liberty Lane Project for the capitalized operating subsidy reserve for six MHSA units. The total MHSA investment in the Liberty Lane Project was to be \$2,750,000.

On November 29, 2018, DBH was notified by CalFHA of the wind-down of the MHSA SNHP program and a transition timeline to submit viable applications for SNHP projects with a January 3, 2020 deadline. DBH's MHSA SNHP fund balance at that time was \$1,897,905.50.

On January 22, 2019, DBH notified CalHFA of the cancelation of the investment of \$2,750,000 in the Liberty Lane Project (project was suspended due to court action resulting in time constraints) and the transfer of the funding to the two newly proposed SNHP of Bloomington Phase III and Desert Haven projects. This resulted in an MHSA SNHP fund balance of \$4,647,905.50.

On April 16, 2019 (Item No. 11), the Board authorized DBH to submit the Bloomington Phase III SNHP application to CalFHA in the amount of \$1,574,810 for Bloomington Phase III project.

On November 21, 2019, CalHFA notified DBH that projects desiring a CalHFA Initial Commitment of SNHP funds for joint use with the HCD NPLH Program, which are applying to HCD by their January 8, 2020 deadline, must submit a viable project application to CalHFA by

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December 3, 2019 in order for CalHFA to process the application and provide an Initial Commitment in time for the HCD NPLH deadline. This requirement only applied to the application for the Liberty Lane project. Because of this requirement, the Director of DBH executed and submitted the document. Board approval of this item will ratify that action.

The MHSA SNHP fund balance held by CalHFA as of October 31, 2019, including accrued interest, is \$3,271,773.25. The Liberty Lane Project court action has been resolved and Redlands Supportive Housing, LP is seeking to proceed with this project. The Desert Haven Project will receive \$2,173,699 from this fund and the Liberty Lane Project will receive \$1,050,000; leaving a fund balance of approximately \$48,074.25. This does not include interest accrued after October 31, 2019. Any unused fund balance, including interest that is accrued from the MHSA SNHP fund, will be returned by CalHFA to the County.

The purpose of the Desert Haven and Liberty Lane projects are to provide permanent supportive housing to eligible DBH consumers with mental illness who are homeless or at risk of being homeless and who meet the requirements of the MHSA Housing Program target population.

Desert Haven will have a total of 24 new apartments units in Victorville. Fifteen one-bedroom apartments will be designated for the MHSA Housing Program as permanent supportive housing for eligible adults with a diagnosis of mental illness as defined by the MHSA program and will be regulated SNHP units. The remaining 9 units will be designated as affordable housing for low-income families. Additionally, a Desert Haven rental subsidy will be funded by the San Bernardino County Housing Authority Project-Based Vouchers.

Liberty Lane will have a total of 80 new apartments in Redlands. A total of 39 one-bedroom and two-bedroom units will be designated for the MHSA Housing Program as permanent supportive housing for eligible adults with a diagnosis of mental illness as defined by the MHSA program. Thirty units will be funded from NPLH and 9 units will be regulated SNHP units. In addition, Liberty Lane's rental subsidy will be funded through an application for NPLH funds. The remaining 41 units will be designated as affordable housing for low-income families.

If the projects are funded, DBH will come back to the Board at a later date to seek approval of a Memorandum of Understanding between DBH and the two agencies, delineating the roles and responsibilities for the respective parties for the provision of housing and supportive services.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by Behavioral Health Contracts (Natalie Kessee, Contracts Manager, 388-0869) on November 20, 2019; County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on December 4, 2019; Finance (Christopher Lange, Administrative Analyst, 386-8393) on December 3, 2019; and County Finance and Administration (Tanya Bratton, Deputy Executive Officer, 388-0332) December 3, 2019.

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Record of Action of the Board of Supervisors
County of San Bernardino

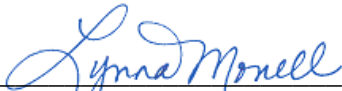
APPROVED (CONSENT CALENDAR)

Moved: Robert A. Lovingood Seconded: Josie Gonzales

Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY



DATED: December 17, 2019



cc: DBH- Kelley w/app's
File- Behavioral Health w/app
la 12/18/2019