



San Bernardino County

Legislation Text

File #: 4547, Agenda Item #: 18

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

July 13, 2021

FROM

GARY HALLEN, Director, Community Development and Housing

SUBJECT

Veterans Housing and Homelessness Prevention Program Funding Application and Resolution for the Liberty Lane Housing Development

RECOMMENDATION(S)

1. Adopt a Resolution to apply in partnership with Redlands Supportive Housing, L.P. for funding of up to \$15,000,000 from the California Department of Housing and Community Development Veterans Housing and Homelessness Prevention Program and to commit up to \$6,149,020 to develop a total of 80 affordable housing units, as described below:
 - a. \$2,011,510 of HOME Investment Partnership Program
 - b. \$1,050,000 of Special Needs Housing Program
 - c. \$1,050,000 of Redevelopment Agency Loan Repayment
 - d. \$1,437,510 of County Housing Monies
 - e. \$600,000 of Federal Neighborhood Initiative Program
2. Authorize the Chairman of the Board of Supervisors, Chief Executive Officer, or Assistant Executive Officer - Community Revitalization, upon consultation with County Counsel, to sign any required ancillary documents related to the California Department of Housing and Community Development Veterans Housing and Homelessness Prevention Program funding application.
3. Authorize the Chairman of the Board of Supervisors, Chief Executive Officer, or Assistant Executive Officer - Community Revitalization, upon consultation with County Counsel, to make necessary non-substantive modifications and enable the execution of a funding application for the Liberty Lane Project.
4. Direct the Community Development and Housing Department Director to transmit all documents to the Clerk of the Board within 30 days of execution.

(Presenter: Gary Hallen, Director, 387-4411)

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.

FINANCIAL IMPACT

Approval of this item will not result in the use of any Discretionary General Funding (Net County Cost). This action would commit up to \$6,149,020 in County housing funds toward the 80-unit Liberty Lane Affordable

Housing Development (Project), which has an estimated total cost of \$43,518,979. The remaining cost would be funded with non-County funds. Sufficient appropriation and revenue for a maximum amount of \$6,149,020 in County housing funds are available in the Community Development and Housing Department (CDH) 2021-22 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The proposed Project, located at the southwest corner of Texas Street and Lugonia Avenue in the City of Redlands, will provide 80 affordable housing units, including 62 permanent supportive housing (PSH) units for the homeless population. Of the 62 PSH units, 55 units will be reserved for veterans who are homeless, and 7 units will be reserved for special needs homeless clients with mental health conditions for whom the County Department of Behavioral Health will provide supportive services. 17 affordable units will be for low-income individuals and families, and the remaining unit is for property management. This Project supports the County's Homeless Strategic Framework in addressing the root causes of homelessness by increasing the supply of housing opportunities for at risk populations. Approval of the Resolution will affirm the County's funding commitment to allow Redlands Supportive Housing, L.P. (Developer) to apply for Low-Income Housing Tax Credit (LIHTC) financing. The Veterans Housing and Homelessness Prevention Program (VHHP) application deadline is July 15, 2021. If successful in obtaining additional VHHP funding, which could be awarded in November 2021, the Project would apply for 4% LIHTC in early 2022 as the next opportunity to complete the financing sources.

The Board of Supervisors (Board) has supported the Developer in applying for different State resources such as the No Place Like Home Application (NPLH) in 2019, an additional State Housing Funding application in 2020, and the NPLH in 2021 (see Summary of Prior Board Actions below). Historically, the Project was structured to apply for more competitive state resources. However, the funding applications have not been successful. The current financial plan is structured to apply for less competitive VHHP funds and 4% LIHTC, giving the Project the best opportunity to succeed in the next round of applications for funding. Additionally, to assist the project with being more competitive, the Developer has received a commitment of an additional 32 Veteran Affairs Supportive Housing (VASH) vouchers from the Housing Authority of the County of San Bernardino within the last year, bringing the total VASH vouchers for the Project to 55. The vouchers provide ongoing operation subsidy for the project and assists the 55 veterans' units in helping to pay its monthly rent, which supports the long-term financial viability of the project.

The County's proposed commitment of up to \$6,149,020, in addition to the Developer's equity contribution of \$3,177,158 fee reinvestment and \$2,228,000 third-party capital loan, allows the Project to apply for funding and leverage an additional \$31,964,801 in federal and state financing to construct and operate. If the Project is successful in securing funding, an action will be brought to the Board for a loan agreement with the Developer at an interest rate of 3% and a repayment term of 57 years. The County's commitment and other anticipated funding sources are summarized below:

Permanent Housing Sources	Amount	Cost Per Unit	Percentage Total
Non-County Funds			
State Veterans Funds (VHHP)	\$13,728,764	\$171,610	32%
Federal Tax Credit Equity (4% LIHTC)	\$18,236,037	\$227,950	42%
Deferred Developer Fee/General Partner Equity Contribution	\$3,177,158	\$39,714	7%
Developer Capital Investment Loan	\$2,228,000	\$27,850	5%
Non-County Total	\$37,369,959	\$467,124	86%

County Funds			
County Capital Assistance	\$5,375,303	\$67,191	12%
County Operating Assistance	\$773,717	\$9,671	2%
County Total	\$6,149,020	\$76,863	14%
Total	\$43,518,979	\$543,987	100%

The Resolution associated with this item is specific to the VHHP funding application and addresses the County's commitment of funds of up to \$6,149,020. This commitment allows the Developer to submit a VHHP funding application in the amount of up to \$15,000,000 (the Developer has previously secured VHHP funding on this project in the past), which is the maximum allowable for the Project. To increase the competitiveness of the VHHP application, the Developer is currently anticipating a request of \$13,728,764 in VHHP funds. If the Project secures an allocation of competitive VHHP funds, the Developer will then submit an application to the State of California for an allocation of first-round non-competitive 4% LIHTC in early 2022. If the Project is successful in securing funding, an action will be brought to the Board for approval of the required loan documents. If the project is not successful in securing an allocation of LIHTC and VHHP funds, this commitment will have no force or effect.

A VHHP application, combined with a 4% LIHTC application presents the project with its most viable option to secure needed affordable housing in support of homeless veterans and special need populations.

Summary of Prior Board Actions

On December 17, 2019 (Item No. 20), the Board approved an application to the California Department of Housing and Community Development Competitive 2020 No Place Like Home (NPLH) funding program. Resolution 2019-185 made a total commitment of County housing resources of \$6,700,000. The Developer was unsuccessful in securing a NPLH Round 2 allocation from the state.

On June 9, 2020 (Item No. 21), the Board adopted a Resolution approving the County's funding commitment of up to \$5,442,510. Approval of the Resolution provided the Developer the opportunity to submit the required application to the California Department of Housing Community Development for the Housing for a Healthy California program to secure funding. The Developer was not successful in securing the Housing for a Healthy California program funding allocation.

On January 5, 2021 (Item No. 12), the Board approved an application for the California Department of Housing and Community Development Competitive 2021 NPLH funding program. The NPLH Round 3 applications were very competitive, and the application was not awarded. The Developer appealed the determination and was notified by the state in May 2021, that its appeal had been denied. In June 2021, the state officially released the final point score and awardee list for NPLH Round 3, which did not include this project therefore the Developer was unsuccessful in securing a funding allocation.

PROCUREMENT

The County has been working to construct an affordable housing project in the City of Redlands for several years. In 2018, County Community Development and Housing released a Notice of Funding Availability for the Competitive No Place Like Home Program and three proposals were received. A Community of Friends (General Partner with Redlands Supportive Housing, L.P.) applied for the second round of the Competitive No Place Like Home Program using the Liberty Lane project and was selected from the three proposals received.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on June 22, 2021; Finance (Kathleen Gonzalez, Administrative Analyst, 387-5412) on June 22, 2021; and County

Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 29, 2021.