



San Bernardino County

Legislation Text

File #: 4797, Agenda Item #: 15

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

September 14, 2021

FROM

**VERONICA KELLEY, Director, Department of Behavioral Health
GARY HALLEN, Director, Community Development and Housing Department**

SUBJECT

California Housing Finance Agency Local Government Special Needs Housing Program Financing Loan Assignment - Desert Haven

RECOMMENDATION(S)

Approve the Special Needs Housing Program Assignment and Assumption Agreement (CalHFA Development No. 19-083-M), effective September 14, 2021, between the California Housing Finance Agency, County and Desert Haven Victorville, LP whereby the County will assume the \$2,173,669 promissory note and all of the rights and responsibilities related to the development of the Desert Haven multifamily residential rental housing project offering supportive services for those diagnosed as mentally ill.
(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 and Stakeholders.**

FINANCIAL IMPACT

This item will not result in the use of Discretionary General Funding (Net County Cost). The assumption of the \$2,173,669 promissory note is funded through the California Mental Health Services Act (MHSA) Housing Program. There are no locally held County funds; the funding is a one-time capital fund held by California Housing Finance Agency (CalHFA) for unit construction. The capital funding loan from CalHFA will be re-paid by Desert Haven Victorville, LP.

BACKGROUND INFORMATION

On December 17, 2019 (Item No.18), the Board of Supervisors (Board) authorized submittal of a Local Government Special Needs Housing Program (SNHP) financing application to the California Housing Finance Agency for Desert Haven (Project), in collaboration with Housing Partners I, Inc. for Desert Haven Victorville, LP (Developer), in the loan amount of \$2,173,699, and designated the Director of the Department of Behavioral Health (DBH), as the County Mental Health Director, to execute the application, as required by the California Housing Finance Agency.

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, through the California Department of Housing and Community Development. The Project will provide permanent supportive housing to eligible DBH consumers with mental illness who are homeless or at risk of being homeless and meet the requirements of the MHSA Housing Program target population. The Project has a total of 24 apartment units in Victorville. Fifteen one-bedroom apartments are 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 Project was completed in August 2021.

In 2020, CalFHA decided that it would transfer the monitoring of SNHP loans to the local agency. On July 21, 2020, CalFHA sent a letter to DBH proposing CalFHA assign SNHP Loan No. 19-083-M to San Bernardino County. The SNHP loan agreement defines terms and obligations of the parties during the loan period. Under the proposal, CalHFA would assign the entirety of CalHFA's rights, interests, and obligations under SNHP Loan No. 19-083-M to San Bernardino County, which would be administered by the Community Development and Housing Department (CDH) in an effort to reduce costs by eliminating duplicative monitoring fees and reporting. CDH will become responsible for monitoring for the Project to ensure the property is in compliance with SNHP requirements. The Developer will pay the annual SNHP servicing fee to the County. This arrangement would allow the Developer to report and pay monitoring fees to one oversight entity for the loan. In the Assignment and Assumption Agreement, the Developer will be indemnifying CalHFA and the County from losses arising from the Assignment and Assumption Agreement and construction and operation of the Project; and, the County, as assignee, would be indemnifying CalHFA from losses arising from the Assignment and Assumption Agreement, the occupancy of the Project and monitoring of the Project.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by Behavioral Health Contracts (Natalie Kessee, Contracts Manager, 388-0869) on August 5, 2021; County Counsel (Dawn Martin, Deputy County Counsel, 387-5455 and Suzanne Bryant, Deputy County Counsel, 387-5442) on July 25, 2021; Finance (Christopher Lange, Administrative Analyst, 386-8393 and Kathleen Gonzalez, Administrative Analyst, 387-5412) on August 23, 2021; and County Finance and Administration (Tanya Bratton, Deputy Executive Officer, 388-0332) on August 24, 2021.