



Board Agenda Item 39

DATE: November 24, 2020
TO: Board of Supervisors
SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health
SUBJECT: Agreement for No Place Like Home Program Participation

RECOMMENDED ACTION(S):

- 1. Authorize the Chairman to execute, upon review and approval by County Counsel as to legal form and the Auditor-Controller/Treasurer-Tax Collector as to accounting form, the Standard Agreement 18-NPLH-12659, in substantially the same form as the draft included as Attachment A, with the California Department of Housing and Community Development for construction of Alegre Commons, a supportive housing project funded in Round One of the No Place Like Home Competitive Allocation Program, effective upon execution by the Chairman, the Fresno Housing Authority and the State of California Department of Housing and Community Development for a 30-year term (\$5,479,586); and,**
- 2. Approve and authorize the Chairman to execute Agreement with The Villages at Barstow, LP, an affiliate of the Fresno Housing Authority, that commits County to make available supportive services for a minimum of 20 years at Alegre Commons (\$9,482,760).**

Approval of the first recommended action will authorize the Chairman to execute an agreement with the California Department of Housing and Community Development (HCD) for the Allegre Commons (formerly Barstow Commons), partially funded through Round One of the No Place Like Home Program (NPLH). Attachment A is substantially the same as the final agreement with for the development, being finalized by HCD. Approval of the second recommended action will provide a supportive services commitment specific to Alegre Commons, a permanent supportive housing (PSH) development for homeless individuals with Serious Mental Illness (SMI) or youth with Serious Emotional Disorders (SED) and their families. The agreement is necessary to comply with lending institution underwriting requirements. PSH meets goals set forth in NPLH and Mental Health Services Act (MHSA) program guidelines for mentally ill homeless individuals to achieve safe, PSH with voluntary supportive services. Both proposed agreements must be executed prior to HCD's loan closure deadline of December 28, 2020. This item is countywide.

ALTERNATIVE ACTION(S):

Non-approval of the recommended actions would jeopardize the development. Data collected during the annual MHSA community planning process continually demonstrates increased housing capacity as a top priority in the County.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions.

The first recommended action will provide partial construction funding (\$5,479,586) for the development,

through Round One of NPLH. Other permanent funding sources include MHSA Special Needs Housing Program (\$2,800,000); FHA Deferred Developer Fee (\$329,320); FHA Capital Funds (\$1,450,000); and tax credits from the Low-Income Housing Tax Credit (LIHTC) program (\$17,916,519). Total construction cost is \$27,975,425. FHA, serving as the County's development sponsor/co-applicant in Round One, is authorized to access the \$5,479,586 electronically from HCD once construction is final and 90% of the units have been leased to qualified tenants.

The second recommended action will assist The Villages at Barstow, LP (Villages), an affiliate of the Fresno Housing Authority that will own Alegre Commons, to meet the underwriting requirements of Wells Fargo Bank related to loan documents. Wells Fargo requests a formal agreement between The Villages and the County that commits supportive services to the development for a 20-year period as required by NPLH regulations (\$9,482,760). The Department, via a contracted services provider, is committed to make available supportive services for tenants of the Alegre Commons development; approximately \$474,138 per year will be financed with MHSA Community Services and Supports (CSS) funds, see Attachment B. The Department is in negotiations with a vendor for supportive services and will present your Board agreement(s) soon.

Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2020-21 Adopted Budget and will be included in future budget requests for the duration of the supportive services agreement. The availability of on-site supportive services is an essential component to assist tenants in maintaining their housing. FHA will provide property management services and ownership responsibilities at the development. The County is not a party to the ownership of the development, The Villages assumes all liability and responsibility for the Alegre Commons development.

DISCUSSION:

On July 1, 2016, Governor Brown signed legislation enacting the NPLH Program to dedicate \$2 Billion in bond proceeds to invest in the development of PSH for persons in need of mental health services and experiencing Homelessness, Chronic Homelessness, or are At-Risk of Chronic Homelessness. The NPLH legislation was authorized by the California Welfare and Institutions Code, sections 5849 and 5890. The NPLH Program provides capital financing for acquisition, design, construction, rehabilitation, and capitalized operating subsidies to allow California counties to increase capacity of PSH. HCD administers the NPLH Program for California counties for construction of PSH.

On January 29, 2019, the Board authorized the Department to apply for NPLH funding for PSH. During May 2019, HCD awarded three NPLH applications submitted by the Department in Round One of the NPLH program: Villages at Paragon, Villages at Broadway and Barstow Commons. All HCD awards developments require a formal Standard Agreement to access NPLH funds. The Board also approved Agreement No. 19-048 with the FHA on 1/29/2019 to research and prepare applications for supportive housing opportunities with the Department of Behavioral Health. The agreement committed MHSA Special Needs Housing Program funds (\$6,168,706) and NPLH Noncompetitive Allocation funds (\$2,183,000) to FHA for the development of a minimum of 54 affordable housing units for qualified homeless applicants.

On October 6, 2020, your Board approved HCD Standard Agreements for Round One NPLH partial financing for Villages at Broadway and Villages at Paragon. The agreements provided partial construction funding for the two PSH developments for homeless individuals with SMI or youth with SED and their families. Villages at Broadway (Agreement No. 20-386) consisted of 26 units that integrate 12 NPLH qualified tenants with 13 FHA tenants, and one unit for a property manager; construction commenced in April 2020 and is scheduled to be fully leased by May 2021. Villages at Paragon (Agreement No. 20-387) consisted of 27 units that integrate 13 NPLH qualified tenants with 13 FHA tenants, as well as one unit for a property manager; construction commenced December 2019 and is scheduled to be fully leased by March 2021.

Approval of the first recommended action will authorize the Chairman to execute the agreement, upon

review by County Counsel as to legal form and the Auditor-Controller/Treasurer Tax Collector as to accounting form, for NPLH Round One award with The Villages for the Alegre Commons development located at 130 W. Barstow (applied for as Barstow Commons). Attachment A provides your Board with a draft agreement that is substantially the same as the final Standard Agreement for The Villages that must be executed prior to your Board's December 15, 2020 meeting to not jeopardize the deadline of the HCD loan closure. Alegre Commons was researched and mutually agreed upon by the Department and FHA as acceptable location for PSH which includes the availability of on-site supportive services for tenants. Alegre Commons includes amenities to meet tenant's needs such as proximity to grocery, post office, bus line, etc. Alegre Commons consists of 42 total units that integrate 20 NPLH qualified tenants with 21 FHA tenants, and one unit for a property manager. Construction is scheduled to commence in December 2020 and is scheduled to be fully leased by October 2022.

The NPLH program consist of a minimum of four annual competitive funding rounds, with the County successfully funded in three NPLH Round One applications. During January 2020, the Department submitted two NPLH Round Two applications, also successfully funded by HCD: Butterfly Gardens and Blackstone/Simpson. Once the agreements are made available by HCD for these two NPLH Round Two supportive housing developments, the Department will return to your Board with the agreements and description of each development.

Approval of the second recommended action approves and authorizes the agreement committing the County to make available supportive services for a minimum of 20 years, which was requested by Wells Fargo Bank underwriting as FHA will secure a construction loan related to Alegre Commons from this bank.

The 30-year agreement term is required by HCD to comply with NPLH Guidelines the County make available supportive services for a minimum of 20 years at the NPLH supportive housing development.

OTHER REVIEWING AGENCIES:

The FHA Board of Directors is aware of the HCD agreements for the two NPLH developments and will approve the agreements subsequent to execution by the Chairman of the Board of Supervisors, at which time the agreements will be forwarded to HCD for full execution. The Department has informed the County Behavioral Health Board of the HCD NPLH Round One awards for the development of PSH.

REFERENCE MATERIAL:

BAI #30, October 6, 2020
BAI #39, July 9, 2019
BAI #9, January 29, 2019
BAI #26, September 11, 2012
BAI #9, March 4, 2008

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A
Attachment B
On file with Clerk - Agreement for Supportive Services

CAO ANALYST:

Sonia M. De La Rosa