



Board Agenda Item 8

DATE: February 11, 2025

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer
Susan Holt, Director, Department of Behavioral Health

SUBJECT: Resolutions and Memoranda of Understanding for Participation in the California Department of Housing and Community Development Homekey+ Program

RECOMMENDED ACTIONS:

1. **Make a finding that it is in the best interest of the County to waive the provision of Administrative Policy No. 27 that requires grant applications to be reviewed and approved by the Board before submitting to the funding agency, or submitted contingent on Board approval, due to the funding agency requiring Board approval before submitting the final application, making a retroactive approval unattainable;**
2. **Adopt Resolution authorizing the County to submit a joint grant application with RHC Development LP (RHC Development LP) to the California Department of Housing and Community Development (HCD) for participation in the Homekey+ Program, total not to exceed \$31,650,000;**
3. **Adopt Resolution authorizing the County to submit a joint grant application with Housing Authority of the City of Fresno (Fresno Housing) to HCD for participation in the Homekey+ Program, total not to exceed \$35,000,000;**
4. **Approve and authorize the Chairman to execute a Memorandum of Understanding with RHC Development LP to identify, apply for, and develop a supportive housing project for the Homekey+ Program, effective upon execution through June 30, 2030, which includes a three-year base contract and two optional one-year extensions;**
5. **Approve and authorize the Chairman to execute a Memorandum of Understanding with Fresno Housing to identify, apply for, and develop a supportive housing project for the Homekey+ Program, effective upon execution through June 30, 2030, which includes a three-year base contract and two optional one-year extensions; and**
6. **Approve and authorize the Director of the Department of Behavioral Health Department to be the signatory on behalf of the Board of Supervisors on associated grant applications and all grant documents.**

There is no additional Net County Cost associated with the recommended actions. Approval of the first recommended action would waive Administrative Policy 27, forgoing Board review and approval of the completed applications before they are submitted. This would allow the County of Fresno (County) to respond to the official applications as soon as they are available. Approval of the second and third recommended actions will allow the County, in partnership with RHC Development LP and Fresno Housing, to apply for

and accept Homekey+ funds administered by HCD. Approval of the fourth and fifth recommended actions will authorize the Chairman to execute two separate Memoranda of Understanding (MOUs) with RHCBC and Fresno Housing, respectively, authorizing them to serve as the development sponsor/co-applicant(s) with the County on Homekey+ Permanent Supportive Housing (PSH) development projects. Approval of the sixth recommended action will delegate authority to the Director of the Department of Behavioral Health to execute any documents required to accept and administer the Homekey+ Program grant funds. PSH projects supported through Homekey+ are intended to provide safe, supportive, permanent housing with voluntary wraparound services for individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may elect not to approve the first recommended action and direct staff to return at a later date with the completed applications for approval. However, due to the highly competitive nature of the Homekey+ grant program and the “first-come, first-served” basis of the rolling award process, any delay in submitting the applications would jeopardize the County’s chances of receiving a Homekey+ award. Should your Board not approve recommended actions two through six, the Department would not meet the minimum requirements to apply for the Homekey+ program and would forgo permanent supportive housing development opportunities available from the HCD.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The recommended resolutions will authorize the County to apply for and if awarded, accept the Homekey+ Program funds. If awarded, HCD will allocate Homekey+ funds to the County via Standard Agreement, which will return to your Board for approval at a later date. In addition to capital costs, a Homekey+ grant award may also include a matching operating subsidy of up to \$1,400 per month for each PSH unit built if certain criteria are met. The County will consult with HCD during the Homekey+ application process to determine if its PSH supportive services costs are eligible for a Homekey+ operating subsidy match. If a successful Homekey+ application results from the MOUs with either awarded bidder, RHCBC and/or Fresno Housing, fiscal considerations will be determined based upon a future agreement with the State of California, the awarded bidder, and the County, to partially offset the requisite supportive service costs related to PSH projects.

DISCUSSION:

Proposition 1, passed by California voters in March 2024, includes the Behavioral Health Services Act and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the PSH component of the BHIBA. Homekey+ will support the development of PSH for veterans and individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness. Homekey+ continues a statewide effort to sustain and rapidly expand PSH for persons experiencing homelessness.

On November 13, 2024, the County released Request for Proposal (RFP) No. 25-027 “Homekey+ Housing Development Partners” for the purpose of selecting Development Partners. The County’s goal was to identify viable projects and select qualified Development Partners to be co-applicants to apply for Homekey+ grant funds, and produce affordable housing quickly and cost-effectively.

The RFP closed on November 13, 2024 and four vendors submitted eight proposals by the 9:00 AM deadline.

A three-member evaluation committee, comprising County staff, which included a Division Chief from the Department of Social Services, a Senior Staff Analyst from the Department of Public Works and Planning, and a Licensed Behavioral Health Division Manager from the Department of Behavioral Health, independently reviewed, and scored each proposal. The committee then conducted several meetings to

discuss the proposals and review their scoring results. Following this evaluation process, two bidders and proposals, one from RHCB for the Sanger project and one from Fresno Housing for the Parkside Inn project, were selected as the vendors and projects to co-apply for Homekey+ funding.

The following is a brief description of each proposed Homekey+ project. Total project budgets and number of units may be adjusted based on the final applications.

RHCB Development LP (Sanger)

Located near Almond Ave and Lyon Ave, Sanger, CA 93657 (APN 322-030-51)

The total estimated cost for the proposed RHCB project is \$21,500,000, which includes an anticipated \$15,825,000 in Homekey+ funding and \$5,675,000 in local contributions. The project proposes new construction to develop the 4.77-acre parcel into a 51-unit Homekey+ facility, to include 50 studio PSH units (9 fully ADA compliant), and one on-site manager's unit. All tenants' units shall be limited to populations with income at or below 30 percent of the Area Median Income (AMI), and will be referred through Coordinated Entry Systems (CES).

Housing Authority of the City of Fresno (Parkside Inn)

Located at 1415 W. Olive Ave, Fresno, CA 93728

The total estimated cost for the proposed Fresno Housing project is \$30,393,236, which includes an anticipated \$23,634,122 in Homekey+ funding and \$6,759,124 in local contributions. The project proposes adaptive reuse and new construction to transform an existing 48-unit commercial motel into 39 PSH units comprised of one, two, and three-bedroom units, and one on-site manager's unit. All tenants' units shall be limited to populations with income at or below 30 percent of the AMI, and will be referred through CES.

The recommended MOUs deviate from the County's model contract language because they provide for mutual termination by either party without cause by 30-day advanced written notice. Additionally, the recommended MOU includes mutual indemnification language which deviates from the County's model contract language. Though non-standard, the County Administrative Office and Department of Behavioral Health feel these provisions are appropriate for this MOU and that the benefits to the County outweigh the risks. Risk Management has reviewed the MOUs and deemed them acceptable.

Approval of the recommended actions will authorize the County and co-applicants, Fresno Housing and RHCB, to submit up to two grant applications to HCD and participate in the Homekey+ program to expand permanent affordable housing with supportive services for individuals and families at-risk of or experiencing homelessness in Fresno County. HomeKey+ applications must be submitted no later than May 30, 2025. If successfully funded by HCD, the County is committed to provide on-site supportive services for individuals housed in Homekey+ developments. The provision of supportive services is essential in assisting tenants in maintaining their housing.

OTHER REVIEWING AGENCIES:

The County has informed the Fresno County Behavioral Health Board of the recommended MOU with the RHCB and Fresno Housing.

ATTACHMENTS INCLUDED AND/OR ON FILE:

- On file with Clerk - Resolution - RHCB
- On file with Clerk - Resolution - Fresno Housing
- On file with Clerk - MOU - RHCB
- On file with Clerk - MOU - Fresno Housing

CAO ANALYST:

Dylan McCully