



Board Agenda Item 29

DATE: August 6, 2019

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Memorandum of Understanding with No Place Like Home Development Sponsors

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute retroactive Memorandum of Understandings with Hacienda Housing LP and UPholdings LLC, for the identification, application, and development of permanent supportive housing and services utilizing the No Place Like Home Program Competitive Allocation and other potential funding sources, effective July 1, 2019, not to exceed five consecutive years, which includes a three-year base contract and two optional one-year extensions (\$0).

Approval of the recommended action will authorize Hacienda Housing LP and UPholdings LLC to assist the Department of Behavioral Health (Department) with permanent supportive housing (PSH) developments for mentally ill individuals that are homeless or at-risk of homelessness with Serious Mental Illness (SMI) or youth with Serious Emotional Disorders (SED) and their families, with voluntary supportive services. The developers would serve as development sponsors/co-applicants with the County, through the Department, on PSH development projects, including the No Place Like Home Program (NPLH) and other potential funding sources as identified by the Department, with no Net County Cost. This item is countywide.

ALTERNATIVE ACTION(S):

Non-approval of the recommended action may limit discovery of potential PSH development opportunities in the County.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. If a PSH development application results from the MOU with either Developer, fiscal considerations for the requisite supportive service cost will be determined. If the development application is successful, either the County or through a contracted provider will be required to provide onsite supportive services for a minimum of 20 years to individuals housed in the development. The provision of supportive services is essential in assisting tenants in maintaining their housing. If NPLH development applications are awarded, the allocations will be made available via permanent financing loans to the development project to draw down funds from HCD, once construction is completed and 90% occupied. If awarded, the Department will return to the Board with any related subsequent agreement for consideration. Any future NPLH funding awarded to the County will be established in the NPLH Special Revenue Fund 0040 Subclass 17109 Org 1059 Account 3535.

RETROACTIVE AGREEMENT:

The Department of Housing and Community Development (HCD) tentatively announced the Notice of

Funding Availability (NOFA) of Round Two for the NPLH Competitive Allocation Program is scheduled for release between September and October 2019. The Round Two applications will be due approximately three months after release of the NOFA. The Department seeks retroactive approval of the MOUs with Hacienda Housing and UPholdings to July 1, 2019 to allow for additional time to work with the development sponsors in the research and selection of potential development sites for PSH.

DISCUSSION:

On July 1, 2016, Governor Brown signed Assembly Bill 1618 (Chapter 43, Statutes of 2016) enacting the NPLH Program to dedicate \$2 billion in bond proceeds to invest in the development of PSH for persons who are in need of mental health services and are experiencing Homelessness, Chronic Homelessness, or are At-Risk of Chronic Homelessness. The California Welfare and Institutions Code, Sections 5849 and 5890 authorized the NPLH legislation. The funding provides capital financing for acquisition, design, construction, rehabilitation, and capitalized operating subsidies, which allows counties to increase capacity for the targeted population. All counties are eligible to compete for the funding, administered by the HCD. On the November 2018 ballot, voters approved Proposition 2: Use Millionaire's Tax Revenue for Homelessness Prevention Housing Bonds Measure, resulting in \$2 billion for counties through the Program.

On January 29, 2019, the Department informed the Board that a Request for Statement of Qualifications (RFSQ) for NPLH development sponsors would be released and once selected, the Department would return to the Board requesting approval of MOUs with development sponsors. The MOU's allow the Department to work with developers to assess potential future PSH development projects.

Through the Internal Services Department - Purchasing Division (ISD-Purchasing), RFSQ No. 19-061: Development Sponsors/Co-Applicants for PSH released on March 26, 2019 and closed on April 23, 2019, resulting in responses from three developers: Hacienda Housing, UPholdings, and Fresno Housing Authority (FHA). ISD-Purchasing determined FHA's RFSQ response was unnecessary, given the Board approved MOU No. 19-048 with FHA on January 29, 2019. The MOU authorized FHA as a development sponsor of the Department.

The RFSQ evaluation committee, consisting of three Department staff, a community member, and a Fresno County Behavioral Health Board representative, met on May 7, 2019 to discuss and determine the most qualified responses to the RFSQ. The evaluation committee reached consensus to recommend MOU approval with both Hacienda Housing and UPholdings, as both organizations are highly qualified and capable of serving as development sponsors for the Department on PSH development projects. Both developers have local properties in various stages of readiness for development. As per the recommended action, only those properties mutually agreed upon by the Department and the development sponsor will be developed utilizing PSH funding. If selected, the Department will return to the Board for approval and authorization to submit a formal development application to a funding source for development of PSH for the County.

The recommended MOU provides for mutual termination by either party without cause by the giving of a 30-day advanced written notice and includes a provision for mutual indemnification. Though non-standard, the County Risk Management feels these provisions are appropriate for this MOU.

OTHER REVIEWING AGENCIES:

The Department informed the Fresno County Behavioral Health Board of the RFSQ for development sponsors related to PSH and, if approved by your Board, will inform the Behavioral Health Board of the selection of both Hacienda Housing and UPholdings as development sponsors for the Department.

REFERENCE MATERIAL:

BAI #9, January 29, 2019 - Resolution No. 19-025

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - MOU with Hacienda Housing LP
On file with Clerk - MOU with UPholdings

CAO ANALYST:

Sonia M. De La Rosa