



Board Agenda Item 43

DATE: May 17, 2022

TO: Board of Supervisors

SUBMITTED BY: Susan L. Holt, Director, Department of Behavioral Health

SUBJECT: Agreement for No Place Like Home Program Participation

RECOMMENDED ACTION(S):

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 20-NPLH-14603, in substantially the same form as the draft included as Attachment A, with the California Department of Housing and Community Development for construction of The Arthur at Blackstone, a permanent supportive housing project partially funded in Round Two 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 (\$5,450,087).

Approval of the recommended action will authorize the Chairman to execute an agreement with the California Department of Housing and Community Development (HCD) for The Arthur at Blackstone (The Arthur), partially funded through Round Two 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. This item pertains to a location in District 3.

ALTERNATIVE ACTION(S):

Non-approval of the recommended action would jeopardize the development. Data collected during the annual Mental Health Services Act 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 action. Construction funding for The Arthur (applied for as Blackstone and Simpson) will consist of:

- NPLH capital funds (\$3,499,685);
- NPLH Capitalized Operating Subsidy Reserve (\$1,950,402);
- Fresno Housing Authority (FHA) Deferred Developer Fee (\$2,200,000);
- FHA Capital Funds (\$8,737,864); and
- a 9% tax credit from the Low-Income Housing Tax Credit (LIHTC) program (\$1,620,786).

Total construction cost is \$18,008,737. FHA, serving as the County's development sponsor/co-applicant in Round Two, is authorized to access the funding electronically from HCD once construction is final and 90% of the units have been leased to qualified tenants.

Per NPLH regulations, the Department, via a contracted services provider, is committed to make available

supportive services for a minimum of 20 years at NPLH supportive housing developments. 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 Arthur, LP assumes all liability and responsibility for the 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 Permanent Supportive Housing (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 December 10, 2019, your Board adopted a resolution authorizing the Department to apply for NPLH funding for Round Two for the development of PSH. On June 26, 2020, HCD awarded the NPLH application submitted by the Department in Round Two. All HCD awards developments require a formal Standard Agreement to access NPLH funds. The Arthur will be located at 1624 E Simpson Ave and 3045 N Blackstone Ave consisting of 41 units that integrate 20 NPLH qualified tenants with 20 FHA tenants, and one unit for a property manager.

Approval of the 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 Two award with The Arthur.

Attachment A is substantially the same as the final Standard Agreement for The Arthur that must be executed prior to the projected loan closure on May 25, 2022, to not jeopardize the development timeline. The Arthur 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. The Arthur includes amenities to meet tenant's needs such as proximity to grocery, post office, bus line, etc. The Arthur is scheduled to commence in June 2022 and is scheduled to be fully leased by December 2023.

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. The 20-year supportive services agreement will be presented to your Board at a later date.

OTHER REVIEWING AGENCIES:

The FHA Board of Directors is aware of the HCD agreement for the NPLH development 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 Two award for the development of PSH.

REFERENCE MATERIAL:

BAI #34, December 10, 2019

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A

CAO ANALYST:

Sonia M. De La Rosa