



Board Agenda Item 9

DATE: January 29, 2019

TO: Board of Supervisors

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

SUBJECT: California Office of Housing and Community Development Resolution for No Place Like Home Program Participation and Memorandum of Understanding with Fresno Housing Authority

RECOMMENDED ACTIONS:

- 1. Adopt and authorize the Chairman to execute a Resolution authorizing Fresno County's participation in the California Department of Housing and Community Development No Place Like Home Program; and,**
- 2. Approve and authorize the Chairman to execute a Memorandum of Understanding with the Fresno Housing Authority to identify, apply for, and develop supportive housing projects and services in Round One of the No Place Like Home Competitive Program utilizing \$6,168,706 in Mental Health Services Act - Special Needs Housing Program and \$2,183,000 in Non-Competitive No Place Like Home Program funding, effective upon execution through June 30, 2024, which includes a three and a half-year base contract and two optional one-year extensions.**

Approval of recommended action one will allow the County to apply for and accept No Place Like Home (NPLH) Program funds, administered by the California Department of Housing and Community Development (HCD). Approval of the second recommended action will authorize the Chairman to execute a Memorandum of Understanding (MOU) with the Fresno Housing Authority (FHA) for permanent supportive housing development opportunities for homeless individuals with Serious Mental Illness (SMI) or youth with Serious Emotional Disorders (SED) and their families. Given the very short turnaround, a partnership was required immediately with a development sponsor/co-applicant having projects meeting NPLH criteria identified and ready for development. The MOU will authorize FHA to serve as the development sponsor/co-applicant with the County on permanent supportive housing development projects, including NPLH, Mental Health Services Act (MHSA) - Special Needs Housing Program (SNHP), and other potential funding sources as identified by the Department of Behavioral Health. There is no Net County Cost associated with the recommended actions. Permanent supportive housing for individuals with SMI or SED will meet the goal set forth in the NPLH and MHSA program guidelines for mentally ill homeless individuals to achieve safe, permanent, supportive housing with voluntary supportive services. This item is countywide.

ALTERNATIVE ACTION(S):

Non-approval of the recommended actions would jeopardize 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 resolution will authorize the County to apply for and if awarded, accept the NPLH Program funds. If awarded, the HCD will award NPLH funds to the County via the State of California, Standard Agreement and will return to your Board for approval and execution by the Chairman. If a development application results from the MOU with FHA, fiscal considerations will be determined based upon a future agreement with the State of California, the FHA, and the County to partially offset the requisite supportive service costs related to permanent supportive housing developments. If awarded, 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 supportive housing developments. The provision of supportive services is essential in assist tenants in maintaining their housing. FHA, as the County's development sponsor/co-applicant on permanent supportive housing developments, requests the County commit to allocate up to \$6,168,706 in MHSA SNHP funds and up to \$2,183,000 of Non-Competitive NPLH funds to develop a minimum of 39 MHSA SNHP housing units and 15 NPLH housing units. This commitment ensures FHA access to the SNHP and NPLH development funds and development of supportive housing units for the County. Use of these funds to be determined upon mutually agreement between FHA and County.

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 for persons who are in need of mental health services and are 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 Program provides capital financing for acquisition, design, construction, rehabilitation, and capitalized operating subsidies to allow California counties to increase capacity of permanent supportive housing for the target population.

HCD administers the NPLH Program. Voters approved Proposition 2: Use Millionaire's Tax Revenue for Homelessness Prevention Housing Bonds Measure on the November 2018 ballot resulting in \$2 billion for California counties through four consecutive annual NPLH allocations made available by HCD. All California counties are eligible to compete for NPLH funding among counties of similar size ranging from categories of "small," "medium," and "large." HCD funding formulas for county categories are determined by utilizing the most recent homeless Point-In-Time count as compared to the State's total homeless population. The County falls within HCD's "large" county category of which there are eleven counties. The total Round One NPLH funding for the category is \$93,525,977.

Approval of the first recommended action will authorize the County to apply for and receive NPLH funding, should the County be awarded during any of the four funding rounds of the HCD NPLH Program.

On October 30, 2018, HCD released the Notice of Funding Availability (NOFA) for Round One of the NPLH Competitive Application process, with Universal Applications due to HCD by January 30, 2019. For the Department to meet this short turnaround timeframe, a partnership was required immediately with a development sponsor/co-applicant having projects meeting NPLH criteria identified and ready for development. Given the urgency of the HCD NPLH Competitive Application deadline, coupled with prior positive experience with FHA in developing permanent supportive housing (Renaissance developments of Trinity, Alta Monte and Santa Clara) for the County, the Department commenced working with the FHA during November 2018 to serve as the Department's development sponsor/co-applicant specific to Round One of the NPLH Program. In the three-month turnaround, the development sponsor was secured, mutually agree upon development location(s) were identified, all aspects of the development entitlement and site acquisition process were performed, the extensive Universal Application(s) was compiled. The recommended actions seek your Board's approval of the HCD Resolution to allow the County to participate in the NPLH program, and your Board's approval of the MOU to allow FHA to be the County's development sponsor in NPLH.

Approval of the second recommended action will authorize an MOU between the County and FHA to facilitate meeting the January 30, 2019 application submittal deadline. Sufficient time was not available to utilize the County's competitive bidding process to select development sponsors capable of processing a Universal Application to meet the January 30, 2019 deadline. For this reason and the previous housing partnership between the Department and FHA, the Internal Services Department - Purchasing Division (ISD - Purchasing) supports the Department's decision to utilize the FHA as a development sponsor during Round One of the NPLH Competitive Application, as well as an optional developer during subsequent funding rounds of NPLH.

The Department and ISD - Purchasing are currently developing a Request For Statement of Qualifications (RFSQ) seeking qualified supportive housing developers interested in serving as development sponsors/co-applicants with the Department on future permanent supportive housing opportunities. Once selected, the Department will return to your Board requesting approval of MOUs with the development sponsor(s). Once approved, the MOU(s) will allow the Department to work with developer(s) to assess multiple potential future housing projects. If a project is selected for development, the Department will return to your Board requesting approval and authorization of the supportive housing development.

As the development sponsor/co-applicant, the recommended MOU commits to allocate MHSA SNHP and Non-Competitive NPLH funding for the development of 54 units to the FHA, 39 MHSA SNHP and 15 NPLH housing units. The recommended MOU provides for mutual termination by either party without cause by the giving of a 30-day advanced written notice. The recommended MOU also includes a provision for mutual indemnification. Though non-standard, the Department feels these provisions are appropriate for this MOU.

OTHER REVIEWING AGENCIES:

The FHA Board of Directors has approved the recommended MOU between the County and the FHA. The Department has informed the Fresno County Behavioral Health Board of the MOU with the FHA as it relates to the development of permanent supportive housing through the NPLH Program.

REFERENCE MATERIAL:

BAI #26, September 11, 2012 - Agreement No. 12-455
BAI #9, March 4, 2008 - Agreement No. 08-114

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution
On file with Clerk - MOU

CAO ANALYST:

Ronald Alexander