



Board Report

File #: 19-1926, Version: 1

- a. Conduct a public hearing, close the public comment period, and approve amendments to Monterey County's Community Development Block Grant (CDBG) Program Annual Action Plans to 1) amend the Urban County's 2019-2020 CDBG Program Annual Action Plan in the amount of \$1,877,875; 2) amend the Urban County's 2018-2019 CDBG Program Annual Action Plan in the amount of \$561,261; 3) amend the Urban County's 2017-2018 CDBG Program Annual Action Plan in the amount of \$56,566; 4) authorize the reallocation of amend reallocate \$1,066,771 in CDBG funds to Interim Inc.'s Sun Rose permanent supportive and transitional housing development located at 439 Soledad Street in Salinas, California; and 5) authorize the reallocation of \$1,428,931 in federal HOME Investment Partnerships Program (HOME) program income funds to the Greenfield Commons project located at 41206 Walnut Avenue, Greenfield.
- b. Authorize the use of funds from the County's November 21, 2019 Notice of Funding Availability (NOFA) including CDBG funds in the amount of \$1,066,771, HOME program income funds in the amount of \$1,428,931, NPLH Non-Competitive funds in the amount of \$3,938,610, Whole Person Care (WPC) in the amount of \$2,700,000, and Inclusionary Housing Trust Funds in the amount of \$550,000, to serve as County match for applications for the State of California NPLH program for the development of permanent supportive housing.
- c. Approve staff's proposed allocation of CDBG, HOME, NPLH, WPC, and Inclusionary Housing Trust Funds to four NPLH eligible Projects. (ADDED VIA ADDENDUM)

RECOMMENDATION:

- a. Conduct a public hearing, close the public comment period, and adopt a resolution approving amendments to Monterey County's Community Development Block Grant (CDBG) Program Annual Action Plans to 1) amend the Urban County's 2019-2020 CDBG Program Annual Action Plan in the amount of \$1,877,875; 2) amend the Urban County's 2018-2019 CDBG Program Annual Action Plan in the amount of \$561,261; 3) amend the Urban County's 2017-2018 CDBG Program Annual Action Plan in the amount of \$56,566; 4) authorize the reallocation of amend reallocate \$1,066,771 in CDBG funds to Interim Inc.'s Sun Rose permanent supportive and transitional housing development located at 439 Soledad Street in Salinas, California; and 5) authorize the reallocation of \$1,428,931 in federal HOME Investment Partnerships Program (HOME) program income funds to the Greenfield Commons project located at 41206 Walnut Avenue, Greenfield.
- b. Adopt a resolution to
 - i. Authorize the use of funds from the County Notice of Funding Availability (NOFA) dated November 21, 2019, including: Community Development Block Grant (CDBG) funds in the amount of \$1,066,771, HOME Investment Partnerships Program (HOME) program income funds in the amount of \$1,428,931, No Place Like Home (NPLH) Non-Competitive funds in the amount of \$3,938,610, Whole Person Care (WPC) in the amount of \$2,700,000, and Inclusionary Housing Trust Funds in the amount of \$550,000, to serve as County match for applications for the State of California No Place Like Home (NPLH) program for the development of permanent supportive housing; and
 - ii. Approve staff's proposed allocation of CDBG, HOME, NPLH, WPC, and Inclusionary Housing Trust Funds to the following NPLH eligible Projects: Greenfield Commons Phase I and II project in Greenfield, developer is EAH Housing, the amount of \$1,428,931 to Phase I and \$0 funds to Phase II; Lightfighter Village project in Marina, developer EAH Housing, the amount

of \$3,938,610; and Sun Rose project in Salinas, developer Interim Inc., the amount of \$4,316,771.

SUMMARY:

The Board of Supervisors is being asked to approve amendments to Monterey County's Community Development Block Grant (CDBG) Program Annual Action Plan to reallocate certain unused funds. In addition, the County has unused HOME Investment Partnerships Program (HOME) program income funds from its non-entitlement program that need to be programmed.

The U.S. Department of Housing and Urban Development (HUD) requires the Urban County to prepare an Annual Action Plan that details funding recommendations for projects, services, and administrative activities that will be funded with HUD funds. The County is an entitlement community for CDBG funding and a non-entitlement for HOME funding. When HUD program funds are unused or need to be reprogrammed, the County is required to process a Substantial Amendment to the Urban County's HUD required Annual Action Plan that details how HUD program funds will be spent. The County published a Substantial Amendment notice and Notice of Funding Availability (NOFA) the week of November 21st in the four newspapers published by the South County Newspaper Group (the Gonzales Tribune, Soledad Bee, Greenfield News, and the King City Rustler) and the Monterey County Weekly announcing that the Urban County had an estimated \$1,067,170.80 in CDBG funds available for reprogramming and HOME program income funds in the amount of \$1,428,931. The public comment period for this Substantial Amendment was opened on November 21, 2019 and will close on January 7, 2020.

The Substantial Amendment to the Urban County's 2017-2018, 2018-2019 and 2019-2020 Annual Action Plans allow unused program funds to be reprogrammed to eligible projects. CDBG funds in the amount of \$1,066,771 are part of the funding consideration for the County's NOFA dated November 21, 2019 (Attachment A) and HOME program income funds in the amount of \$1,428,931. HOME funds will also be programmed in the Substantial Amendment to the FY 19-20 Action Plan. This Board meeting completes the public comment period for the funds that was opened on November 21, 2019.

HUD requires a Citizen Participation Plan (CPP) that sets forth specific thresholds for which a Substantial Amendment (Amendment) is required and identifies policies and procedures to provide for, and encourage, participation by the residents of the County of Monterey in the development of the County's Consolidated Plan (Con Plan), AAP, and Consolidated Annual Performance and Evaluation Report (CAPER) (24 CFR 91.105(c); 91.115(c)). As this is a HUD plan that details the process for citizen participation, all County HUD funding, including HOME are being included in this process. The CPP must include the criteria by which grantees determine whether an amendment to the Consolidated Plan constitutes a "substantial" amendment, requiring additional public notice and comment

Additionally, Housing asks the Board to authorize the use of all funds from the County Notice of Funding Availability (NOFA) dated November 21, 2019, including: Community Development Block Grant (CDBG) funds in the amount of \$1,066,771, HOME Investment Partnerships Program (HOME) program income funds in the amount of \$1,428,931, No Place Like Home (NPLH) Non-Competitive funds in the amount of \$3,938,610, Whole Person Care (WPC) in the amount of \$2,700,000, and Inclusionary Housing Trust Funds in the amount of \$550,000, to serve as County match for applications for the State of California No Place Like Home (NPLH) program for the development of permanent supportive housing.

On December 10, 2019, the Board of Supervisors adopted a resolution authorizing the Director of Health or Assistant Director of Health to submit project applications for, and participate in, the No Place Like Home Program for Competitive Round 2 Allocation funds to develop permanent supportive housing for people with a serious mental illness who are homeless, chronically homeless, or at risk of chronic homelessness; and authorized the Director of Health or Assistant Director of Health to submit project applications for, and participate in, the No Place Like Home Program for Noncompetitive Allocation funds for the development of permanent supportive housing for people with a serious mental illness who are homeless, chronically homeless, or at risk of chronic homelessness. The project applications are much more likely to be successful should they include matching funds from other sources. Housing proposes that the following funds identified in the County Notice of Funding Availability (NOFA) dated November 21, 2019, including: Community Development Block Grant (CDBG) funds in the amount of \$1,066,771, HOME Investment Partnerships Program (HOME) program income funds in the amount of \$1,428,931, No Place Like Home (NPLH) Non-Competitive funds in the amount of \$3,938,610, Whole Person Care (WPC) in the amount of \$2,700,000, and Inclusionary Housing Trust Funds in the amount of \$550,000, to serve as County match for applications for the State of California No Place Like Home (NPLH) program for the development of permanent supportive housing.

Finally, the Board is being asked to approve Housing's proposed allocation of the aforementioned funds to each relevant project. Housing has provided four possible allocations, discussed below, but recommends the first such allocation, Funding Option 1, which

includes funding for the following projects: Greenfield Commons Phase I and II project in Marina, developer is EAH Housing, the amount of \$1,428,931 to Phase I and \$0 funds to Phase II; Lightfighter Village project in Marina, developer EAH Housing, the amount of \$3,938,610; and Sun Rose project in Salinas, developer Interim Inc., the amount of \$4,316,771.

Background on NPLH

On July 1, 2016, Governor Jerry Brown signed landmark legislation enacting the “No Place Like Home (NPLH) Program,” which dedicated \$2 billion in bond proceeds for counties to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for people with a serious mental illness who are homeless, chronically homeless, or at risk of chronic homelessness. The bonds are repaid by funding from the Mental Health Services Act (MHSA).

On August 15, 2018, the California Department of Housing and Community Development (HCD) released a Notice of Funding Application (NOFA) for \$190 million in Noncompetitive Allocation NPLH program funds. Monterey County has met the Noncompetitive Allocation threshold requirements and is eligible to submit one or more project applications for \$3,938,610 in noncompetitive funding. Additionally, on September 27, 2019, HCD released the NOFA for \$622 million in Competitive Round 2 NPLH program funds. Monterey County may submit multiple project applications to compete for \$52,445,511 available to “mid-sized counties”, which includes fourteen counties with a population of 200,000 to 750,000, for Competitive Round 2 NPLH program funds.

The County may submit the following Competitive Round 2 NPLH program applications: one in partnership with Interim, Inc., and three in partnership with EAH Housing, two in the City of Greenfield, and one in the City of Marina. Should these projects not be ready by the January 8, 2020 due date, they may be considered in subsequent competitive funding rounds.

Available funds to be leveraged with applications for competitive NPLH funds in this NOFA include: NPLH Noncompetitive Allocation, Whole Person Care Pilot, CDBG, HOME Investment Partnerships Program (HOME), Monterey County Inclusionary Housing, and Redevelopment Housing Trust funds. If Noncompetitive Allocation funds are not used during the Competitive Round 2 cycle, they may be used to leverage projects during a future competitive cycle or for project(s) applying only for Noncompetitive Allocation NPLH program funds. All Noncompetitive Allocation NPLH program project applications must be submitted to HCD no later than February 15, 2021.

On December 10th, the Board of Supervisors authorized the Director of Health or Assistant Director of Health to submit project applications to HCD to participate in the NPLH program, and committed the County to provide supportive services as specified in the NPLH Program Guidelines, including: 1) making mental health supportive services available to each of the project’s tenants for a least 20 years; and 2) coordinating the provision of or referral to other services (including, but not limited to, substance use services). The Director of Health or Assistant Director of Health may submit one or more Project applications which meet the NPLH Program requirements for both Noncompetitive Allocation NPLH program funds available to the County and, if awarded, Competitive Round 2 NPLH program funds.

All projects identified in this report have provided a service plan and budget. Interim proposes the County fund the Sun Rose Gardens project with existing McHome service funds. McHome is the only program in Monterey County that provides outreach to homeless adults with psychiatric disabilities, supporting housing, intensive integrated services and treatment to help homeless adults to rebuild their lives. However, since the overall service delivery program cost is projected to increase by approximately \$39,800 for year 1, it that the estimated overall additional cost over 20 years is \$1.1 million, assuming a 3% cost increase each year for 20 years. Given that all ongoing mental health revenues have already been allocated to existing programs, this cost increase would have to be covered by increases in revenues (if available), one-time funds set aside for this purpose, or County discretionary funds.

The other projects proposed by EAH housing identify funding for the 20-year service provision, but there is a risk that if the proposed funding falls short during the next 20 years, the County may need to provide funding or step in and provide services.

To submit applications and use funding resources to leverage housing funds with Whole Person Care and NPLH funds, the County released a NOFA on November 21st. The NOFA estimated that \$9,684,711.80 in County housing funds would be made available to leverage eligible applications submitted to HCD on January 8, 2020. The NOFA detailing the funding amounts is summarized in **Attachment A: November 21, 2019 NOFA.**

Six applications were received in response to this NOFA. The NOFA’s primary purpose was to make County housing funds available to leverage projects with the NPLH funding available through HCD’s August 15th NOFA. NOFA applicants were prioritized by their ability to use County funds to leverage NPLH and other funds. Sun Rose, Lightfighter Village, and Greenfield Phases I and II all meet threshold requirements to apply for NPLH and are structured to leverage an estimated combined \$154 million in non-County funds. Since these projects were best positioned to leverage non-County funds, including NPLH, staff recommends them for priority

funding.

The following four applications are prioritized for submittal in round 2 of the NPLH funding cycle:

Project: Sun Rose

Applicant: Interim Inc.

Target Population: Homeless adults with severe mental disabilities, and homeless adults in need of transitional housing

Unit Mix: 14 total units: three studios, seven 1-bedroom units, four 2-bedroom units

The 4 2BR units are actually 8 bedrooms in one unit with shared bathrooms and kitchen, but to project rent and utility allowance for financing, they are shown as 4 2BR units.

Services Plan: Interim will provide case management and wrap-around supportive services to the NPLH population with an emphasis on mental health and substance abuse, and information and referral to community services to all project units.

Timeline: The Sun Rose project plans to apply for NPLH in January 2020, start construction in December 2020, and complete construction in December 2021.

Community Benefit: All of the units at Sun Rose will house homeless individuals with disabilities, including 7 onebedrooms and 2 studios of Permanent Supportive Housing, and 8 bedrooms of transitional housing in one shared unit. All 9 PSH units will be NPLH-assisted.

Funding Request and Cost Efficiency: The Sun Rose project is requesting \$5,359,063 in County funds. Our proforma analysis determined that the project has an estimated funding gap of \$4,418,565, or \$315,612 per unit in the project (assuming 14 units). These County sources make up 62% of all funding sources contemplated for the project. County funds would leverage an additional \$2,221,196 in NPLH Competitive Funds.

Feasibility: The Sun Rose project has received a determination that the existing structure on the site is not designated for historic preservation from the City of Salinas Historic Review Board. \$500,000 in grant commitments that have been dedicated to project development. The project must secure \$2,221,196 Competitive NPLH funds in addition to County Funds to be financially feasible.

Project: Lightfighter Village

Applicant: EAH Housing in partnership with the Veteran's Transition Center (VTC)

Target Population: Homeless veterans, including homeless veterans with severe mental illness

Unit Mix: 71 total units: 64 studios, 7 two bedrooms

Services Plan: Using VA resources, VTC will provide case management and wrap-around supportive services to homeless veterans. In addition, tenants in the NPLH-assisted units will receive specialized mental health and substance abuse services.

Timeline: The Lightfighter Village project plans to apply for NPLH and CCAH in January 2020, HUD 811 in February 2020, and 9% tax credits in July 2020. Start of construction is planned for March 2021, and construction completion is projected for August 2022.

Funding Request and Cost Efficiency: The Lightfighter project is requesting \$5,367,541 in County funds, including \$3,938,610 from County Non-Competitive NPLH and \$1,428,931 in other County funds. Their proforma analysis determined that the project has an estimated funding gap of \$5,457,562, or \$76,867 per unit in the project, including \$3,938,610 from County Non-competitive NPLH and \$1,518,952 in other County funds. These County sources make up 14% of all funding sources contemplated for the project. County funds would leverage an additional \$34,738,947 in non-County funds to the project, including a State Veterans Housing and Homelessness Prevention loan (VHHP), a Central California Alliance for Health grant (CAAH), a HUD 811 loan, a Local Initiatives Support Coalition (LISC) grant, and 9% tax credit equity.

Community Benefit: Lightfighter Village has 71 total units, all except the manager's unit serve homeless veterans. 34 of the units will be NPLH-assisted. Units consist of 64 studios and 7 twobedrooms (including a 2BR manager's unit).

Feasibility: The Lightfighter project has secured all necessary planning permits to building the project. The project has also received a \$5.9 million loan commitment of State VHHP. The project must secure Competitive NPLH, HUD 811, and 9% tax credits to be financially feasible.

Project: Greenfield Phase I

Applicant: EAH Housing

Target Population: Farmworkers, Extremely Low-Income (ELI) households, and homeless with a serious mental illness. The 64 Joe Serna-assisted units will be targeted to farmworkers. The 36 MHP-assisted units will be targeted to ELI households. The 11 NPLH-assisted units will be targeted to homeless who have a serious mental illness.

Unit Mix: 112 total units: 36 one-bedroom units, 48- two-bedroom units, and 28three-bedroom units.

Services Plan: The County will be the Lead Service Provider on the application for Greenfield Phase I, providing specialized case management and wrap-around services for homeless with serious mental illness. The County will work with EAH on a service plan that may include the County contracting with a service provider. Wrap-around services will also provide general services and referral to community services for ELI and farmworker households.

Timeline: The Greenfield Phase I project plans to apply for NPLH and Joe Serna funds in January 2020, MHP in February 2020, and

4% tax credits in August 2020. Start of construction is planned for May 2021, and construction completion is projected for January 2022.

Community Benefit: Greenfield Phase I has 112 total units, with 64 Joe Serna-assisted units, 36 MHP-assisted units, 11 NPLH-assisted units, and one manager's unit. Units consist of 36 one-bedrooms, 48 two-bedrooms, and 28 three-bedrooms (including 2BR manager's unit).

Funding Request and Cost Efficiency: The Greenfield Phase I project is requesting \$1,960,000 in County funds. Our pro-forma analysis determined that the project has an estimated funding gap of \$1,651,550, or \$14,746 per unit in the project. These County sources make up 3% of all funding sources contemplated for the project. County funds would leverage an additional \$59,535,024 in non-County funds to the project, including a commercial mortgage financed by tax-exempt bonds, a State Joe Serna loan, a State Multifamily Housing Program (MHP) loan, a County CDBG loan, an Affordable Housing Program (AHP) loan, Deferred Developer Fee, General Partner equity, and 4% tax credit equity.

Feasibility: The Greenfield Phase I project's planning permit approval is pending. The project has received a \$350,000 grant commitment from the City of Greenfield. The project must secure Competitive NPLH, Serna, and MHP to be financially feasible.

Project: Greenfield Commons Phase II

Applicant: EAH Housing

Target Population: Farmworkers, Extremely Low-Income (ELI) households, and homeless with a serious mental illness. The 61 Serna-assisted units will be targeted to farmworkers. The 37 MHP-assisted units will be targeted to ELI households. The 11 NPLH-assisted units will be targeted to homeless with a serious mental illness.

Unit Mix: 110 total units: 42-one bedroom, 40-two bedroom, 28-three bedroom

Services Plan: EAH is proposing to work with the County to be the Lead Service Provider on the application for Greenfield Phase II, providing specialized case management and wrap-around services for homeless with serious mental illness. The County will work with EAH on a service plan that may include the County contracting with a service provider. Wrap-around services will also provide general services and referrals to community services for ELI and farmworker households.

Timeline: The Greenfield Phase II project plans to apply for NPLH and Joe Serna funds in January 2020, MHP in February 2020, and 4% tax credits in January 2021. Start of construction is planned for October 2021, and construction completion is projected for July 2022.

Community Benefit: Greenfield Phase I has 110 total units, with 61 Joe Serna-assisted units, 37 MHP-assisted units, 11 NPLH-assisted units, and one manager's unit. Units consist of 38 one-bedrooms, 44 two-bedrooms, and 28 three-bedrooms (including a 2BR manager's unit).

Funding Request and Cost Efficiency: The Greenfield Phase II project is requesting \$2,015,000 in County funds, or \$18,318 per unit in the project. These County sources make up 2% of all funding sources contemplated for the project. County funds would leverage an additional \$59,222,458 in non-County funds to the project, including a commercial mortgage financed by tax-exempt bonds, a State Joe Serna loan, a State Multifamily Housing Program (MHP) loan, an Affordable Housing Program (AHP) loan, Deferred Developer Fee, General Partner equity, and 4% tax credit equity.

Feasibility: The Greenfield Phase II project's planning permit approval is pending. The project has not received any funding commitments from the City of Greenfield. The project must secure Competitive NPLH, Serna, and MHP funds to be financially feasible.

NOFA applicants were prioritized by their ability to use County funds to leverage NPLH and other funds. Sun Rose, Lightfighter Village, and Greenfield Phase I and II all meet threshold requirements to apply for NPLH and are structured to leverage an estimated combined \$154 million in non-County funds. Since these projects were best positioned to leverage non-County funds, including NPLH, staff recommends them for priority funding. There is not enough funding for all project applications and therefore, other applications that were submitted and considered, included: Sun Street Centers Prevention Program and the Veterans Transition Center 2020 Hayes Circle Duplex rehabilitation projects.

The following projects were not prioritized due to funding constraints:

Project: Sober Living Environment in King City

Developer: The Sun Streets Centers (SSC)

Sun Street Centers (SSC), a California non-profit corporation, is requesting \$269,445.54 from Monterey County to complete construction of Sun Street Centers' Men's and Women's Sober Living Environments (SLEs) at 119 S. Mildred Ave, King City 93930. SSC is targeting individuals eligible for Whole Person Care (WPC) and Prop 47 funding as priority populations. These populations are particularly vulnerable. Whole Person Care clients have been identified as excessive users of multiple systems without showing improvement or progress toward better health and social outcomes. Individuals eligible for Prop 47 have served time in prison or county jail. Founded in 1968, SSC's mission is preventing alcohol and drug addiction by offering education, prevention, treatment, and recovery to individuals and families regardless of income level.

Due to funding constraints, this project would not add additional permanent supportive units or leverage NPLH funding and was therefore, not prioritized for funding in this NOFA. This project could be considered for another round of CDBG funding in a future NOFA.

Project: 2020 Hayes Circle Duplex Renovations

Developer: The Veterans Transition Center

In conjunction with funds and grants already secured, the Hayes Circle Duplex Renovation project proposes to use \$745,000 of County of Monterey Reprogrammed CDBG funds towards the substantial renovation of four duplexes located at VTC's Hayes Circle property in Marina, CA. Three duplexes, or six housing units, would provide 22 newly renovated transitional housing beds for chronically homeless Veterans. Additionally, one duplex would provide two newly renovated low-income permanent housing units for formerly homeless Veterans and their families.

Although the rehabilitation of these units would be beneficial, this project would not add additional units or leverage NPLH funding resources. This project could be considered for another round of CDBG funding in a future NOFA. Due to funding constraints, the Lightfighter Village project, in conjunction with the VTC, provides 71 new and additional units and leverages NPLH funds and hence, was prioritized.

DISCUSSION:

Funding Options

The Health Department is authorized to submit applications on January 8. The determination to submit these applications was based on the Health Department's analysis of each project's service plan. Each service plan was assessed for service provider experience, alignment of service provider and staffing with proposed services plan, and feasibility of services budget.

Staff has prepared four possible allocations for the NOFA funds. Below is a brief description of each funding option, as also illustrated in the **Attachment B** Funding Option tables.

Funding Option 1- Fund Sun Rose, Lightfighter Village, and Greenfield Phase I so that all three projects can apply for NPLH funds in the current funding round.

Funding Option 2- Fund Sun Rose and Lightfighter Village so that both projects can apply for NPLH funds in the current funding round. Prepare Greenfield Phases I and II to apply in NPLH. Funding Round 3 next year if Phase I is unable to apply in the current NPLH Funding Round 2.

Funding Option 3- Fund Sun Rose so that it can apply for NPLH funds in the current funding round. Prepare Lightfighter Village and Greenfield Phases I and II to apply in NPLH Funding Round 3 next year if they are unable to apply in the current NPLH Funding Round 2.

Funding Option 4- Fund Sun Rose so that the project can apply for NPLH funds in the current funding round. Provide NPLH Non-Competitive funds to Greenfield Phase I so that it receives its maximum per-unit loan limit from NPLH Non-Competitive funds. It would then not be necessary for Greenfield Phase I to apply for NPLH Competitive funds. Prepare Greenfield Phase II and Lightfighter Village to apply in NPLH Funding Round 3 next year if they are unable to apply in the current NPLH Funding Round 2.

Staff recommends that the Board adopt Funding Option 1. That includes funding: Greenfield Commons Phase I and II project in Marina, developer is EAH Housing, the amount of \$1,428,931 to Phase I and \$0 funds to Phase II; Lightfighter Village project in Marina, developer EAH Housing, the amount of \$3,938,610; and Sun Rose project in Salinas, developer Interim Inc., the amount of \$4,316,771.

On December 20, 2019, the Monterey County Urban Standing Committee, consisting of Supervisor John M. Phillips and Supervisor Chris Lopez, reviewed and approved the recommendations in this report, including a NPLH funding options for the Monterey County NOFA dated November 21, 2019 and Funding Option 1 in Attachment B, Funding Option tables. The Committee also approved the use of CDBG funds noticed in the November 21, 2019 First Substantial Amendment to the Urban County's 2019-2020 Community Development Block Grant Program (CDBG) Annual Action Plan for the Interim Inc. Sun Rose project located at 439 Soledad Street in Salinas and the use of unspent HOME funding.

OTHER AGENCY INVOLVMENT

Monterey County Health Department and the Bureau of Behavioral Health.

FINANCING:

This action does not change the current FY 2019-2020 CDBG or any other CDBG appropriations, revenues, or positions. The HUD grant is an annual agreement. If the County complies with grant requirements, the County may elect to continue to receive annual entitlement funding, subject to the federal budget process. This Substantial Amendment for CDBG funds reprograms existing funds for unused administrative funds and unprogrammed 2017, 2018, and 2019 funds. The CDBG program runs a timeliness ratio test annually on May 2nd and, if more than 1.5 times the annual CDBG program allocation is available, the CDBG program is out of expenditure compliance. Reprogramming unused funds and timely using those funds is the County's responsibility.

The County Health Department will submit the project applications that use Noncompetitive Allocation funds already set aside for the County, and concurrently apply for Competitive Round 2 funds under the No Place Like Home Program. If the project applications are approved and applications for Competitive Round 2 funds are awarded, the Health Department will evaluate the need to amend the Fiscal Year 2019-20 Adopted Budget to increase revenue and appropriations to accommodate the increased costs and additional revenue. If a budget amendment is deemed necessary, the Department will bring the appropriate actions to the Budget Committee for approval.

All projects identified in this report have provided a service plan and budget. Interim proposes the County provides the funding for the Sun Rose Gardens project by utilizing existing service funds in the McHome program. However, since the overall service delivery program cost is projected to increase by approximately \$39,800 for year 1, it is estimated that the overall additional cost over 20 years is \$1.1 million, assuming a 3% cost increase each year for 20 years. Given that all ongoing mental health revenues have already been allocated to existing programs, this cost increase would have to be covered by increases in revenues (if available), one-time funds set aside for this purpose, or County discretionary funds.

The other projects proposed by EAH housing identify funding for the 20-year service provision, but there is a risk that if the proposed funding falls short during the next 20 years, that the County may need to provide funding or step in and provide services.

Beginning in 2020, the County will have the opportunity for an ongoing (annual) source of funding that could be used to capitalize a supportive services reserve for Sun Rose Gardens, or any other permanent supportive housing project. This funding, from the Permanent Local Housing Allocation established by SB 2, is slated to become available beginning in February 2020, and will require the development of a 5-Year Plan for Expenditures which will be reviewed by the Board of Supervisors. An annual set aside of a portion of the PLHA funds could establish a capitalized supportive services reserve to draw from should any of the projects experience shortfalls in services funding.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

It is recommended that the Board approve the NPLH funding options for the Monterey County Notice of Funding Availability (NOFA) dated November 21, 2019. The funding options include the Community Development Block Grant Funds (CDBG) funds that were part of the November 21, NOFA that included the CDBG funds noticed in the November 21, 2019 First Substantial Amendment to the Urban County's 2019-2020 Annual Action Plan.

Approving the funding recommendations with the available funding noticed in the NOFA dated November 21, 2019 is the first step toward making an anticipated \$1,067,170.80 in CDBG and other funds available to leverage funds to create housing opportunities to be leveraged with other resources.

This action also meets the Health and Human Services Strategic Initiative to improve health and quality of life through County-supported policies, programs, and services by promoting access to equitable opportunities for healthy choices and healthy environments.

Check the related Board of Supervisors Strategic Initiatives:

- X Economic Development
 - Administration
- X Health & Human Services
- X Infrastructure
- X Public Safety

Prepared by:

Approved by:

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Attachments: Attachment A, November 21, 2019 NOFA
Attachment B, Recommended NPLH funding options
Attachment C, Presentation for Urban County Standing Committee NPLH Update
Attachment D, Presentation BOS Jan 7 NPLH
Attachment E, Proposed Resolution
Attachment F, Proposed Resolution
Attachment G, Letter from Anastacia Wyatt to HUD dated November 21, 2019