



County of Monterey

Board of Supervisors
Chambers
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Salinas, CA 93901

Board Report

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Receive a report on the status of the No Place Like Home (NPLH) program.

Presenters: Anastacia Wyatt, HCD Housing Program Manager and Melanie Beretti, HCD Housing and Special Programs Services Manager

RECOMMENDATION:

It is recommended that the Health, Housing, Homelessness, and Human Services Committee:

Receive a report on the status of the No Place Like Home (NPLH) program.

SUMMARY:

On January 8, 2020, the County submitted the following Competitive Round 2 No Place Like Home (NPLH) program applications for four permanent affordable housing projects within the County: one in partnership with Interim, Inc., in the City of Salinas, and three in partnership with EAH Housing, two in the City of Greenfield, and one in the City of Marina. Available funds leveraged with applications for competitive NPLH funds included: NPLH Noncompetitive Allocation, Whole Person Care Pilot, CDBG, HOME Investment Partnerships Program (HOME), and Monterey County Inclusionary Housing funds. The Board of Supervisors approved approach included County funding to be dedicated to each of the following projects to be competitive for a NPLH grant award including: 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.

Following is a brief status summary of each of the NPLH-funded projects:

Project: Sun Rose - The Sun Rose project proposed by Interim Inc. received \$2,958,054 in NPLH competitive funds and will provide 14 total housing units to serve homeless adults with severe mental disabilities, and homeless adults in need of transitional housing. Construction is on target to start in April 2021, and anticipated completion in April 2022.

Project: Lightfighter Village - The Lightfighter Village project proposed by EAH Housing in partnership with the Veteran's Transition Center (VTC) received \$2,746,161 in NPLH competitive funds and will provide a total of 71 housing units to serve homeless veterans, including homeless veterans with severe mental illness. The project plans to apply for NPLH and CCAH funds, HUD 811, and 9% tax credits. Start of construction is planned for Spring 2022, and construction completion is projected for 2024.

Project: Greenfield Commons Phase I - The Greenfield Commons Phase I project proposed by EAH Housing received \$2,993,542 in NPLH competitive funds and will provide a total of 112 housing units to serve farmworkers, Extremely Low-Income (ELI) households, and homeless with a serious mental illness. The Greenfield Commons Phase I project was awarded Joe Serna funds and is expected to apply for 4% tax credits in August 2021. Start of construction is planned for 2022, and construction completion is projected in 2024.

DISCUSSION:

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 met the Noncompetitive Allocation threshold requirements and was eligible to submit one or more project applications with the county's award of \$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 was eligible to submit multiple project applications to compete for \$52,445,511 available to "mid-sized counties", which included fourteen counties with a population of 200,000 to 750,000, for Competitive Round 2 NPLH program funds.

On January 8, 2020, the County submitted the following Competitive Round 2 NPLH program applications: one in partnership with Interim, Inc., in the City of Salinas, and three in partnership with EAH Housing, two in the City of Greenfield, and one in the City of Marina.

Available funds leveraged with applications for competitive NPLH funds included: NPLH Noncompetitive Allocation, Whole Person Care Pilot, CDBG, HOME Investment Partnerships Program (HOME), Monterey County Inclusionary Housing, and Redevelopment Housing Trust funds.

On December 10th, 2019 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).

All projects identified in this report provided a 20-year service plan and budget. Interim Inc. proposed supportive housing services for the Sun Rose Gardens project would be funded under the existing Agreement with the County through the MCHOME program. 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 is estimated that the overall 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.

Greenfield Commons Phase I and Lightfighter Village proposed by EAH housing identify funding for the 20-year service provision inclusive in their proposal. In the draft supportive services MOUs submitted with the NPLH applications, EAH proposed the Veterans Transition Center as the lead supportive services provider for the Lightfighter Village project and the County as the lead service provider for EAH Greenfield Commons I. Supportive services funding for both projects for the 20-year service provision are inclusive in EAHs proposals, and do not identify the need for additional funding from other sources. Currently, the County is working with a third party vendor, Housing Tools, to finalize MOUs between the County, EAH, and the lead services providers and identify other potential sources of funding for supportive services as necessary. Should the proposed funding fall short during the next 20 years, there is risk that the County may need to provide funding or step in and provide services.

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.

On January 7, 2020, the Board authorized 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.

The Board approved the Funding Option 1, which included County funding to be dedicated to each of the following projects to be competitive for a NPLH grant award: 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.

Following is a summary of the three projects that were funded 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

NPLH Competitive Award: \$2,958,054

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, in order 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.

Community Benefit: All of the units at Sun Rose will house homeless individuals with disabilities, including 7 one bedrooms 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.

Timeline & Next Steps: Start construction in April 2021, and complete construction in April 2023.

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

NPLH Competitive Award: \$2,746,161

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.

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 two bedrooms (including a 2BR manager's unit).

Funding Request and Cost Efficiency: The Lightfighter project utilized \$3,938,610 from County Non-Competitive NPLH funds. County funds will 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.

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 9% tax credits to be financially feasible.

Timeline & Next Steps: The Lightfighter Village project plans to apply for NPLH and CCAH funds, HUD 811, and 9% tax credits. Start of construction is planned for Spring 2022, and construction completion is projected for 2024.

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.

NPLH Competitive Award: \$2,993,542

Unit Mix: 112 total units: 36 one-bedroom units, 48- two-bedroom units, and 28- three-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 Extremely Low Income (ELI) and farmworker households.

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: County funds are expected to 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 was approved by Greenfield's planning commission on March 2, 2021.

Timeline & Next Steps: The Greenfield Phase I project was awarded Joe Serna funds and is expected to apply for 4% tax credits in August 2021. Start of construction is planned for 2022, and construction completion is projected in 2024.

OTHER AGENCY INVOLVEMENT:

Monterey County Health Department and the Bureau of Behavioral Health as the official applicant for No Place Like Home Funding.

FINANCING:

The EAH housing developments identify funding for the 20-year service provision, the terms of which are being incorporated into the agreements. Should the proposed funding for support services fall short during the next 20 years, there is risk that the County may need to provide funding or step in and provide services.

Interim's Sun Rose Housing is projecting that the overall service delivery program cost is projected to increase by approximately \$39,800 for year 1, and 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 may need to be covered by increases in revenues (if available), one-time funds set aside for this purpose, or County discretionary funds.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The NPLH program 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.

- ☐ Economic Development
- ☐ Administration
- ☒ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

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Approved by: Mike Novo, Interim Director of Housing and Community Development Department

Attachments:

Attachment A - NPLH Competitive and Non-Competitive Program, Final Point Score and Awardee List

Attachment B - Recommended NPLH Funding Options