



Legislation Text

File #: 19-1179, **Version:** 1

Health and Human Services Agency recommending the Board adopt and authorize the Chair to sign Resolution **218-2019**, which delegates authority to the Director of the Health and Human Services Agency to apply jointly with the Development Sponsor, Mercy Housing, for funding from the California Department of Housing and Community Development via the No Place Like Home (Round 2) Notice of Funding Availability, for funding related to the development of supportive housing options.

FUNDING: 100% State; no match required.

DISCUSSION / BACKGROUND:

Funding from this application will be allocated to counties by the State in an amount to be determined based on multiple factors including the County's population size and proportionate share of homeless persons and "Extremely Low Income" renter households. It is anticipated that Mercy Housing, as the Development Sponsor, will be applying for up to \$3 Million. This funding will be in the form of a deferred payment loan to the Development Sponsor, with an initial term of 55 years between the State and Mercy Housing. The County will not be party to the loan, but will collaborate with Mercy Housing on the project development.

On July 1, 2016, Governor Brown signed landmark legislation enacting the No Place Like Home program to dedicate up to \$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 who are at risk of chronic homelessness. The bonds are repaid by funding from the Mental Health Services Act (MHSA). In November 2018 voters approved Proposition 2, authorizing the sale of up to \$2 billion of revenue bonds and the use of a portion of Proposition 63 taxes for the NPLH program.

The purpose of the NPLH Program is to acquire, design, construct, rehabilitate, or preserve permanent supportive housing for persons who are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness, and who are in need of mental health services. The first Round of NPLH funding was a non-competitive process, and the anticipated award is in the amount of \$836,801.

Having successfully applied for the previous noncompetitive allocation via the Notice of Funding Availability (NOFA) Round 1, the County is now eligible to apply for this Round 2 competitive allocation. The NPLH noncompetitive funding will be used in conjunction with the competitive funding from this Round 2 application to help finance the completed housing project.

Round 2 of the NPLH funding is a competitive allocation that offers deferred payment loans in one of two ways: 1) A county applying independently as a Development Sponsor, or (2) applying jointly with another entity as a Development Sponsor (in this case Mercy Housing), to finance the development of Permanent Supportive Housing for persons living with a serious mental illness who are Chronically Homeless, Homeless, or At-Risk of Chronic Homelessness. The competitive allocations shall be provided as post-construction, permanent loans underwritten and held by the California Department

of Housing and Community Development (HCD) as the lender. These loans will have an initial term of 55 years, or longer if necessary, to match the period of affordability restrictions under the tax credit program, commencing on the date of recordation of the HCD NPLH regulatory agreement. El Dorado County cannot apply independently, therefore HHSA plans to work with Mercy Housing (as the Development Sponsor) to submit this and any future applications for competitive allocations. If awarded, Mercy Housing would receive a loan from the State.

The Health and Human Services Agency (HHSA) is recommending the Board of Supervisors approve and adopt the attached Resolution, which is required by the State, to apply for Competitive Allocation funds of an amount up to \$3 Million. The application and associated Resolution is due to the State January 8, 2020.

If awarded, HHSA will return to the Board at a future meeting for execution of the necessary documents.

ALTERNATIVES:

Should the Board decline to sign the Resolution designating the Director of Health and Human Services Agency as the Authorized Representative for the County to apply for the NPLH Round 2 competitive funding allocation, the County would be ineligible to submit a response to the NOFA, and as a result, the County would not be eligible to receive the competitive funding allocation available through the NPLH program.

PRIOR BOARD ACTION:

- 1) File ID # 18-0759, June 5, 2018 The Board previously approved a resolution supporting the NPLH Technical Assistance Grant Application
- 2) File ID # 19-0905, July 23, 2019 The Board approved NPLH Resolution to apply for and accept NPLH Non-Competitive allocation.

OTHER DEPARTMENT / AGENCY INVOLVEMENT:

County Counsel

CAO RECOMMENDATION:

It is recommended that the Board approve this item.

FINANCIAL IMPACT:

If awarded, this competitive funding opportunity will result in a loan to the Development Sponsor (Mercy Housing) in an amount yet to be determined, that is designated for use in developing permanent supportive housing addressing homelessness. There is no requirement for matching funds from the County, and therefore no Net County Cost is associated with this application.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Clerk of the Board to return an original signed Resolution to the Health and Human Services Agency Contracts Unit in time for submission to the State on January 8, 2020.

STRATEGIC PLAN COMPONENT:

Health and Human Services Agency Strategic Plan Project 2.4 "Efficiency in Funding"; County Strategic Plan Goal #5 - Healthy Communities.

CONTACT

Donald Semon, Director