



Legislation Text

File #: 20-1489, **Version:** 1

Health and Human Services Agency (HHS) recommending the Board, acting as the governing body for the Public Housing Authority:

- 1) Award Request for Proposals (RFP) 20-918-076, for the Project-Based Mainstream Voucher Program, which will provide five (5) housing vouchers to the successful proposer, Mercy Housing California, thereby subsidizing rents for permanent housing units for those individuals transitioning out of institutional settings;
- 2) Authorize HHS to award an additional five (5) housing choice vouchers to Mercy Housing California, for a total of ten (10) housing vouchers, which will subsidize rents for permanent housing units for those individuals in need of permanent supportive services to remain housed;
- 3) Authorize HHS to develop agreements with Mercy Housing California for both sets of vouchers, similar in form and scope to those sample agreements attached to the RFP and consistent with the templates required by the US Department of Housing and Urban Development, contingent upon approval by County Counsel and Risk Management; and
- 4) Delegate authority to the Director of HHS to execute the agreements resulting from item 3 above.

FUNDING: US Department of Housing and Urban Development provides funding for housing vouchers through multiple programs including Mainstream Vouchers and Housing Choice Vouchers. The vouchers act as subsidies for rent costs, supplementing the difference between qualifying individuals' income and established fair market rents for the units.

DISCUSSION / BACKGROUND

On August 13, 2019, the Board authorized the Health and Human Services Agency to submit a funding application to the US Department of Housing and Urban Development for the Mainstream Voucher Program (Item #19-1136, 08/13/19). Housing vouchers provide a rental subsidies to clients to bridge the gap between an eligible client's income and the Fair Market Rent for a property. The actual value of the voucher is determined based on how large of a gap the voucher is bridging.

In January of 2020, the El Dorado County Public Housing Authority (PHA) was awarded 10 Mainstream Vouchers from the US Department of Housing and Urban Development (HUD). The proposal submitted to HUD specified these vouchers would be "Project-Based" to an affordable housing site that would serve clients transitioning out of institutional settings, who also entered the Coordinated Entry System through engaging Probation and the Community Corrections Center. This means the vouchers would be committed to an affordable housing site rather than committed to the client to use at any site they can find, a particularly difficult endeavor for those transitioning out of institutional settings. With vouchers dedicated to a site, eligible clients could then be directed to the affordable housing site when units are available. Five of these vouchers may be awarded to Mercy Housing California in accordance with RFP 20-918-076.

By attaching these vouchers to a site, the County would be committing to subsidizing rent for these units with these vouchers, whether the site was new construction or an existing site. Project-Based vouchers are highly sought after by property developers because the voucher guarantees rent at the

site. As such, HUD requires a competitive process to determine the best site to receive the vouchers. HUD also requires the Public Housing Authority to enter into an “Agreement to Enter into a Housing Assistance Payment” contract (AHAP) for new construction projects, which precedes a “Housing Assistance Payment” contract (HAP). The AHAP serves as a conditional guarantee of subsidies for units at new development sites, thereby helping to ensure the project is financially viable and construction can proceed by guaranteeing rents. After construction has been completed and the units are accepted by the PHA, indicating they meet HUD requirements and all required information has been submitted, the County would enter into the “Housing Assistance Payment” contract, which would dedicate the vouchers to the completed units.

On July 15, 2020, the County Procurement and Contract’s Division released a Request for Proposals (RFP) on behalf of the PHA, consistent with HUD requirements for a competitive selection of qualifying projects to receive the Project-Based Mainstream Vouchers award by HUD. The RFP contained sample agreements of both the HAP and AHAP contracts that were previously approved by County Counsel, prior to the release of the RFP.

As a result of the RFP, the County received a single proposal from Mercy Housing of California, proposing five (5) units that were determined to qualify for the project. The proposal, if awarded, would entitle Mercy Housing of California to five housing vouchers to subsidize rents for those individuals transitioning out of institutions. These units will exist as a part of new construction of affordable housing units, which is still in the planning phase of the project and for the purposes of the RFP is considered new construction. Mercy Housing of California is developing an affordable housing complex, and has served as a partnering organization with HHSA for the No Place Like Home (NPLH) Program, which the Board has previously authorized HHSA to participate in.

In addition to the five (5) Project-Based Mainstream Vouchers awarded through the RFP process, HHSA is seeking Board approval to assign an additional five (5) Housing Choice Vouchers to the project (Project-Based vouchers) in support of the new construction development and the County’s partnership with Mercy Housing California through the No Place Like Home Program (NPLH). Doing so would result in a total of ten (10) vouchers being dedicated to this site. Five (5) of the vouchers would be dedicated for clients transitioning out of institutions, consistent with the proposal submitted for the Mainstream Voucher Program and the award of the RFP for these vouchers; five (5) of the vouchers would be dedicated for clients in need of Permanent Supportive Housing, consistent with the goals and intent of the NPLH Program.

On December 17, 2019, the Board passed Resolution 218-2019, authorizing and directing the Director of Health and Human Services Agency to submit an application for the NPLH administered by the California Department of Housing and Community Development (DHCD). HHSA submitted the application for funding the development of an affordable housing site project for NPLH, consistent with DHCD requirements, in partnership with Mercy Housing California. The proposal featured a proposed 65 unit affordable housing development (“El Dorado Haven”), of which five units would be funded by NPLH and dedicated to Permanent Supportive Housing with services supported by HHSA’s Behavioral Health Department.

On June 25, 2020, the Health and Human Services Agency was notified of an award \$3,395,283 as a result of a successful proposal for the NPLH program and its partnership in this effort with Mercy Housing California. A funding agreement for this award has not yet been issued, as the project must still be financially viable to proceed. The award is effectively contingent upon the project moving

forward; the funding can only be expended on the costs associated with this affordable housing development, which is still undergoing planning and financial viability analysis. By adding ten (10) Project-Based vouchers to this site, in addition to the funding awarded through No Place Like Home by DHCD, the County would be not only dedicating available, practical resources already awarded to help make the new construction project financially viable, but also ensuring rents are subsidized for ten (10) units at the site, a guarantee that may assist Mercy Housing of California in obtaining the funding necessary to move the project forward.

ALTERNATIVES

Should the Board decline to award the RFP, the County would have five (5) mainstream vouchers awarded by HUD that would not be project-based to the affordable housing project in development by Mercy Housing California.

Should the Board decline to authorize HHSA to award an additional five (5) project-based vouchers to the project, the five units dedicated for permanent supportive housing and paid for through NPLH, would lack dedicated subsidies to ensure financial viability for the project.

PRIOR BOARD ACTION

- 1) Item #19-1136 on 08/13/19 HHSA Mainstream Voucher Program Application
- 2) Item #19-1179 on 12/17/19 HHSA NPLH Round 2 Resolution

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel.

CAO RECOMMENDATION / COMMENTS

Approve as recommended.

FINANCIAL IMPACT

There is no Net County Cost associated with this Agenda item. The administrative funding received by HHSA from HUD is based in part on the utilization rate of vouchers. Should the County not use the vouchers available, the lack of utilization could adversely impact the availability of administrative funding.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Healthy Communities

CONTACT

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