



Contra
Costa
County

To: Board of Supervisors

From: John Kopchik, Director, Conservation & Development Department

Date: May 7, 2019

Subject: Community Development Block Grant \$50,000 Loan Pre-Payment by Las Trampas, Inc.

RECOMMENDATION(S):

1. APPROVE request from Las Trampas, Inc., to sell property located at 266 Southwind Drive, Pleasant Hill; FORGIVE the accrued interest on the Community Development Block Grant (CDBG) loan in the amount of \$52,000, and ACCEPT repayment of the 1993 CDBG loan in the amount of \$50,000;
- 2.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **05/07/2019** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 7, 2019

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Laura Cassell, Deputy

Contact: Kristin Sherk, (925)
674-7887

cc:

RECOMMENDATION(S): (CONT'D)

AUTHORIZE the Conservation and Development Director, or designee, to execute the appropriate documents to reconvey the Deed of Trust and Security Agreement; and

- DETERMINE that this action is not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the CEQA Guidelines.

FISCAL IMPACT:

No General Fund impact. The loan repayment must be used for CDBG eligible projects.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA):

Community Development Block Grant - 14.218

BACKGROUND:

On November 9, 1993, the County loaned \$50,000 in Community Development Block Grant (CDBG) funds to Las Trampas, Inc. (Las Trampas), for the acquisition of a single-family home located at 266 Southwind Drive, Pleasant Hill. Las Trampas signed a deed of trust and security agreement with a term of 40 years and agreed to operate the home as a group home residence for six low income developmentally disabled adults. For the last 25 years, Las Trampas has maintained full occupancy in the home. The loan has a four percent simple interest rate and is fully deferred. The term and repayment schedule is written so that if Las Trampas requests to extend the term for an additional ten years (a 50-year term), provided no default or transfer on the loan has occurred, the loan will be fully forgiven on November 12, 2043. As of November 9, 2018, the amount due on the loan is \$102,000 (\$50,000 principal and \$52,000 in interest).

Las Trampas has provided services to people with development disabilities and their families since 1958. Founded as a live-in, residential school for children with development disabilities, Las Trampas has transformed over the years to provide community-based services for adults of the same population that includes adult day program services, supported and independent living services, and licensed adult residential services throughout Central Contra Costa County. In the late 1980s and early 1990s, Las Trampas was part of State of California demonstration project to deinstitutionalize the main campus located in Lafayette, California by moving individuals out of the on-site dormitories into smaller residential facilities in the County. This required Las Trampas to purchase several homes, including the house at 266 Southwind Drive, to house the adults living with development disabilities served by the organization.

Since 2003, Las Trampas has endured reimbursement rate freezes and funding cuts from the State of California, Department of Developmental Services of which the greatest impact has been in their Adult Residential Program that consists of the licensed group homes, including the house at 266 Southwind Drive. The State of California has been slow to address rate reimbursement for intellectual and development disability services and Las Trampas does not foresee sufficient rate increases in the near future. During the period of November 2017 through November 2018, the Southwind House alone has amassed an operational deficit of

over \$90,000. For Fiscal Year 2019, assuming staff will remain at mandated levels, the projection is for the house to run at an operating loss of approximately \$145,000.

Recognizing the need for fiscal sustainability and organizational viability, Las Trampas Board of Directors has determined the need to minimize programs that operate at significant losses and maximize programs that are financially viable. In July 2018, they determined the need to close operations at the house at 266 Southwind Drive due to these losses pending the appropriate placement of current residents to alternative housing and programming.

Las Trampas is in the preliminary planning and preconstruction to construct a new state-of-the-art facility that will significantly increase capacity of their Adult Development Program at the main campus location in Lafayette. Las Trampas has begun a capital campaign to fund this proposed campus and is proposing to use some of the organizations assets, including the net proceeds from the sale of the property located at 266 Southwind Drive. Forgiveness of the interest accrued on the CDBG loan would be included in the capital campaign to fund the new Las Trampas campus, which is a CDBG-eligible activity.

Staff is recommending the Board approve of the sale of the 266 Southwind Drive property, forgive the accrued interest on the CDBG loan, and remit to the County \$50,000. Proceeds from the sale of this property will be retained by the County for use in other CDBG eligible projects.

CONSEQUENCE OF NEGATIVE ACTION:

Las Trampas does not have the resources to continue operating this home. It would continue to create financial hardships for Las Trampas to not allow this loan prepayment and interest forgiveness.