



**Contra
Costa
County**

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: November 5, 2019

Subject: Legal documents for \$500,000 loan of Special Needs Housing Program for the St Paul's Commons
Development in Walnut Creek

RECOMMENDATION(S):

(1) APPROVE a loan of \$500,000 in Local Government Special Needs Housing Program (SNHP) (formerly a component under the Mental Health Services Act known as the MHSA Housing Program) funds to SP Commons L.P., a California limited partnership, for the development of the St. Paul's Commons project in Walnut Creek; and

(2) APPROVE and AUTHORIZE the Behavioral Health Director, or designee, to execute legal documents to effect the loan.

FISCAL IMPACT:

No impact to the General Fund. The County received \$1,736,694 in SNHP (formerly known as MHSA Housing Program) funds from the State of California in December 2016 (\$1,735,224) and May 2017 (\$1,470). These funds were sent from the California Housing Finance Agency to counties that wanted direct fund management. The funds are restricted and must be used to support affordable housing for persons meeting the MHSA eligibility criteria.

BACKGROUND:

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **11/05/2019** ☒ 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: November 5, 2019

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

Contact: Suzanne Tavano, Ph.D.,
925-957-5212

By: June McHuen, Deputy

St. Paul's Commons will be permanently affordable supportive housing for 44 extremely low-, very low- and low-income special needs and homeless households. The ground floor will house the new space for Trinity Center, a homeless day center and case management provider serving central Contra Costa County.

BACKGROUND: (CONT'D)

On March 20, 2018, the Board approved loans and legal documents for HOME Investment Partnerships Act (\$2,642,000), Housing Opportunities for Persons with HIV/AIDS (\$232,681) to SP Commons L.P. and a grant of Community Development Block Grant (\$1,000,000) to St. Paul's Episcopal Church and SP Commons L.P. (the borrower) in partnership with Resources for Community Development (RCD) (as managing general partner) for the development of St. Paul's Commons project in Walnut Creek.

Since that time, development costs increased due to an increase in EBMUD's System Capacity Charge, unexpected sub-surface site conditions, delays in utility termination at the outset of construction, and increased need for architecture construction administration. This allocation of SNHP funds will close the funding gap and support the successful completion of the project.

In exchange for the SNHP funds, SP Commons L.P. will set aside five units for chronically homeless households with severe mental health needs at St Paul's Commons. The units will be available to and occupied by the target population for 55 years. The loan will be payable through residual receipts (if any) until the end of the term. The SNHP loan will be junior to all other debt on the property.

The County's MHSA Three Program and Expenditure Plan Update (MHSA 3-year Plan) includes the SNHP funds and the loan for the St Paul's development is consistent with the MHSA 3-year Plan.

The draft County legal documents have been reviewed by all development partners. The only outstanding comments are from the U.S. Department of Housing and Urban Development (HUD). Because all other County documents for this development have been previously reviewed and approved by HUD, County staff believes that any remaining comments will be technical corrections only. Behavioral Health recommends that the Board of Supervisors approve the attached documents in their substantially final form and authorize County Counsel to make any non-substantive revisions to incorporate HUD comments. This will allow the development to move forward in a timely manner.

This project was previously found to be exempt from CEQA (Sections 15192 and 15194 of the CEQA guidelines) and the County filed a Notice of Determination in March 2018.

CONSEQUENCE OF NEGATIVE ACTION:

Without approval of funds and execution of the SNHP legal documents, the project will not be completed. Construction is expected to be complete in Fall 2019.