



Contra
Costa
County

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: December 17, 2019

Subject: Legal documents for grant of Special Needs Housing Program funds for Virginia Avenue and 9th Street Properties

RECOMMENDATION(S):

1. APPROVE a grant of \$1,180,000 in Local Government Special Needs Housing Program (SNHP) funds to HCEB to acquire two adjacent properties, one at 903-919 Virginia Avenue, and one at 360-366 South 9th Street, Richmond.
2. CONSENT to the sale to Housing Consortium of the East Bay (HCEB) of real property located at 903-919 Virginia Avenue in Richmond by Rubicon Programs (Rubicon), in accordance with the requirements of a MHSA Revocable Grant Agreement between the County and Rubicon dated March 12, 2008.
3. APPROVE the assignment of Rubicon's obligations under the 2008 MHSA Revocable Grant Agreement, and related documents, from Rubicon to HCEB as part of the transfer of ownership of the Virginia Avenue property.
4. APPROVE and AUTHORIZE the Director of Health Services to execute the necessary legal documents to effect the above actions.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **12/17/2019** ☒ 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: December 17, 2019

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

Contact: Suzanne Tavano PhD.,
925-957-5212

By: June McHuen, Deputy

FISCAL IMPACT:

No impact to the General Fund. The County received \$1,736,694 in SNHP (formerly a component of MHSA 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:

Rubicon Programs, Inc. (Rubicon) is selling its residential properties and is focusing on providing services to the homeless. Housing Consortium of the East Bay (HCEB) entered into a purchase and sale agreement with Rubicon to purchase two of Rubicon's properties in Richmond, one at 903-919 Virginia Avenue and one at 360-366 South 9th Street. Together these properties provide ten units of housing affordable to extremely low-income households with special needs.

On March 12, 2008, the County entered into a Revocable Grant Agreement with Rubicon through which the County granted Rubicon \$564,332 in MHSA funds to Rubicon to pay for the renovation of the 6-unit residential building located at 903-919 Virginia Avenue. In consideration for the grant, the Virginia Avenue property is subject to a Regulatory Agreement that restricts the occupancy of the apartments to low income households that have a member who are MHSA eligible. Rubicon's obligations under the Revocable Grant Agreement and the Regulatory Agreement are secured by a Deed of Trust. The Regulatory Agreement, and the revocability of the 2008 grant, expire in March 2028.

The County's MHSA Three Year Program and Expenditure Plan Update (MHSA 3-year Plan) includes the use of \$1.72 million of SNHP funds to support permanent supportive housing. This proposed use of funds is consistent with the MHSA 3-year Plan. Staff requests that the Board of Supervisors approve the attached documents in their substantially final form. The SNHP funds will be deposited into an escrow account with Old Republic Title that the buyer opened for this transaction. Escrow is expected to close no later than December 31, 2019.

CONSEQUENCE OF NEGATIVE ACTION:

Rubicon Programs, Inc. no longer includes housing in its core organizational mission. Failure to transfer the properties and grant to HCEB may result in diminished services to tenants residing in these properties.

ATTACHMENTS

Assignment and Assumption Agreement

SNHP Deed of Trust

SNHP Regulatory Agreement

SNHP Revocable Grant