



Contra
Costa
County

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: September 22, 2020

Subject: Legal documents for grant of Mental Health Services Act funds for Virginia Avenue and 9th Street Properties

RECOMMENDATION(S):

- (1) APPROVE a grant of \$1,180,000 in Mental Health Services Act (MHSA) funds to West County MHSA, LLC (Service Provider) 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 of real property located at 903-919 Virginia Avenue in Richmond by Rubicon Programs (Rubicon) to Service Provider, 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 MHSA Revocable Grant Agreement between the County and Rubicon dated March 12, 2008, and related documents, from Rubicon to Service Provider 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: **09/22/2020** ☒ 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: September 22, 2020

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

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

By: June McHuen, Deputy

FISCAL IMPACT:

No impact to the General Fund. The County receives MHSA funds from the State of California.

BACKGROUND:

The Mental Health Services Act (MHSA) Housing Program was jointly launched by the former California Department Mental Health (State DMH) and the California Housing Finance Agency (CalHFA) in August 2007. The MHSA Housing Program funds were administered for the benefit of counties by State DMH and CalHFA until May 2016, when MHSA's original housing program ended. The Special Needs Housing Program (SNHP) was initiated on June 24, 2016, by CalHFA. With the introduction of SNHP, counties were given the opportunity to have their share of funds sent to the county for direct management or to have funds remain with CalHFA in its SNHP program. Through a board order dated September 20, 2016, the Board of Supervisors authorized staff to request Contra Costa County's funds be sent to the County for direct management. As a result of that action, the County received \$1,736,694 in December 2016 (\$1,735,224) and May 2017 (\$1,470). The funds are sometimes referred to as MHSA funds and sometimes as SNHP funds, but the source of funds is MHSA.

The acquisition proposed to be completed with this \$1,180,000 grant of MHSA funds was previously approved by the Board of Supervisors to be completed using a grant of SNHP funds, through a Board action taken November 19, 2019. Except for the change in the name of the source of funds and the name of the entity organized to acquire the properties being changed from Housing Consortium of the East Bay to West County MHSA LLC, all other terms of the transaction approved by the Board on November 19, 2019, remain unchanged.

The properties being acquired with the proposed MHSA grant are currently owned by Rubicon Programs, Inc. (Rubicon). Rubicon is selling its residential properties in order to focus on providing services to the homeless. The properties are located on adjacent lots, 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.

Rubicon and the County are parties to a Revocable Grant Agreement dated March 12, 2008, under which the County granted Rubicon \$564,332 in MHSA funds to pay for the renovation of the 6-unit residential building located at 903-919 Virginia Avenue (one of the properties being sold by Rubicon). In consideration for the 2008 grant of MHSA funds, the property located at 903-919 Virginia Avenue is subject to a Regulatory Agreement that restricts, through March 2028, the occupancy of the apartments to low income households that have a member who is MHSA eligible. Rubicon's obligations under the March 12, 2008 Revocable Grant Agreement and the Regulatory Agreement are secured by a Deed of Trust. As part of the acquisition of the property by the West County MHSA LLC, Rubicon's obligations under the March 12, 2008 Revocable Grant Agreement and the Regulatory Agreement are being assigned to West County MHSA LLC.

Staff requests that the Board of Supervisors approve the attached documents in their substantially final form. The MHSA 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, 2020.

CONSEQUENCE OF NEGATIVE ACTION:

Rubicon Programs, Inc. no longer includes housing in its core organizational mission. Failure to transfer the properties and Rubicon's obligations under the March 12, 2008 Revocable Grant Agreement to West County MHSA LLC may result in diminished services to tenants residing in these properties.

ATTACHMENTS

Assignment and Assumption Agreement Virginia Ave
MHSA Deed of Trust - Virginia Ave and South 9th Street
MHSA Regulatory Agreement Virginia Ave and South 9th Street
MHSA Revocable Grant - Virginia Ave and South 9th Street
Substitution of Trustee Full Reconveyance Rubicon Grant
Termination and Release of Rubicon Regulatory Agreement