



AGENCY: City Council
MEETING DATE: January 27, 2020
DEPARTMENT: City Manager
PRESENTED BY: Tabatha Miller
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AGENDA ITEM SUMMARY

TITLE:

Receive Report and Consider Adoption of City Council Resolution Approving Execution of a Service Agreement between Fort Bragg and the County of Mendocino Relating to Administration and Distribution of Homeless Emergency Aid Program (HEAP) Funds Allocated Through the Mendocino County Homeless Services Continuum of Care (MCHSCoC)

ISSUE:

The City applied for and was awarded \$3 million in Homeless Emergency Aid Program Funds (HEAP) from the Mendocino County Homeless Services Continuum of Care (MCHSCoC) in late 2018. The \$3,000,000 was designated to fund twenty (20) permanent supportive housing (PSH) units, as part of the sixty-eight (68) unit affordable housing project permitted to Danco Communities' Plateau Housing Project at 441 South Street in Fort Bragg.

Mendocino County serves as the administrative agency for MCHSCoC. Thus, the contract for services is with Mendocino County for award of the funding. This was approved by the County Board of Supervisors on January 7, 2020.

ANALYSIS:

The California Homeless Coordinating and Financing Council announced \$500 Million in HEAP funding in August of 2018. The one-time block grants were authorized by Senate Bill 850 and signed into law by Governor Brown in June of 2018. The \$500 Million was allocated to Continuums of Care (CoCs) and large cities with a population of over 330,000 to provide immediate emergency assistance to people experiencing homelessness. MCHSCoC was allocated \$4,921,967.86 based on the 2017 point in time counts and the percent of homeless population.

Eligible Uses of HEAP Funds Include:

- The parameters for eligible uses are intentionally broad to allow communities to create programs customized to local needs.
- Eligible uses include, but are not limited to:
 - **Services:** street outreach; health/safety education, criminal justice diversion programs, prevention services, navigation services, and operating support for short-term or comprehensive homeless services.
 - **Rental assistance or subsidies:** housing vouchers, rapid re-housing programs, and eviction prevention strategies.
 - **Capital improvements:** emergency shelter, transitional housing, drop-in centers, **permanent supportive housing** [emphasis added], small/tiny houses, and improvements to current structures that serve homeless individuals and families, public toilet/shower facilities.

A minimum of 5% of the funds must be used for programs addressing the needs of homeless youth or youth at risk of homelessness. The program requires that 50% of funds be contractually obligated by January 1, 2020 and 100% of funds must be expended by June 30, 2021.

PHS Plateau Housing Project at 441 South Street

Project Description. The HEAP project will provide 20 units of permanent supportive housing (PSH) for homeless seniors, veterans and families. The 20 PSH units will consist of one- and two-bedroom cottages ranging from 616 to 830 square feet. Each cottage will have solar panels which will significantly reduce utility costs for tenants. The cottages will be arranged in a courtyard around a central park. In the center of the park a 1,200 square foot commons building will provide a group meeting space with a small kitchen for group activities related to supportive services and other community activities, a small individual meeting room, and laundry facilities. The project will also include an additional unit for an on-site manager. Other facilities include: a 440 square foot common utility building, walkways, a 20-space parking area and associated driveways, and landscaping.

Supportive Services. The PSH will include intensive services (case work, counseling, wellness services, and health care) to help individuals and families successfully transition to permanent housing and lead more stable lives. The PSH Units will be dedicated for people who are homeless or otherwise unstably housed, experience multiple barriers to housing, and are unable to maintain housing stability without supportive services. The proposed location for the PSH, on South Street, is ideal as it is directly adjacent to health care and mental health care service providers.

Affordable Rents. All 20 PSH units will be rented to people at an affordable rental rate of 30% of the renter's income. This means that homeless individuals would pay \$341/month (30% of average monthly income (AMI) for an individual) and homeless families would rent a two bedroom for between \$409 and \$546/month.

Larger Project Context. The PSH cottages are part of a larger mixed-income 68-unit project that will also provide: 25 cottages to low-income senior households earning less than 50% of AMI and 23 workforce cottages affordable to families earning less than 80% AMI. All senior and workforce housing will also be rented at rates affordable to 30% of household income. For seniors, rents would range between \$341 to \$455 per month for eligible seniors with incomes between \$13,000 and \$25,000 per year. For working families, rents would range between \$419 and \$890/month for eligible families of four earning between \$16,000 and \$54,000 per year.

RECOMMENDED ACTION:

Adopt resolution approving the contract for services with Mendocino County acting as the administrative entity for Mendocino County Homeless Services Continuum of Care for HEAP funding in the amount of \$3 million and authorizing the City Manager to execute the same.

ALTERNATIVE ACTION(S):

1. Do not adopt the resolution and do not approve the contract.
2. Provide alternative direction for staff.

FISCAL IMPACT:

The City applied for the funds and is the pass through to Danco Communities. Except the \$250,000 housing trust fund loan the City has pledged, the additional funding will come from tax credit financing, developer notes, permanent loans, affordable rents and dedicated housing vouchers. Additionally, the City has agreed to collaborate with Danco Communities to apply for a state infill infrastructure grant.

GREENHOUSE GAS EMISSIONS IMPACT:

During construction of the project greenhouse gas emissions will increase. Some of those impacts will be offset by installation of solar panels, energy efficient design and locating the project near services to reduce the impact of longer distance transportation.

CONSISTENCY:

Inland General Plan Policy H-3.9 Emergency and Transitional Housing: Continue to support emergency shelters, transitional housing and supportive housing within the City.

Program H-3.9.1 Ongoing Estimates of the Demand for Emergency Housing: Continue to work with the Fort Bragg Police Department and homeless service providers in the community to maintain ongoing estimates of the demand for emergency housing in Fort Bragg and to develop strategies to meet that demand.

Program H-3.9.2 Inter-Agency Cooperation: Continue to work with private, non-profit, County, and State agencies to provide transitional housing, supportive services and emergency housing for the homeless.

Program H-3.9.3 Transitional and Supportive Housing: Continue to regulate transitional and supportive housing as a residential use subject to the same restrictions that apply to other residential use types and dwellings of the same type in the same zone.

City Council Priority Area 3: Housing – Goal 1 – 200 units of housing in the next five years.

IMPLEMENTATION/TIMEFRAMES:

The contract for services requires that the City through Danco Communities provide the following by March 31, 2020:

1. Evidence that all financing has been secured.
2. A finalized project budget that includes all funding sources.
3. A construction schedule.
4. A HEAP funding expenditure schedule.

Additionally, the \$3 million HEAP funds must be expended by June 30, 2021.

ATTACHMENTS:

1. Resolution
2. Contract

NOTIFICATION:

1. Homeless, **Notify Me subscriber list**
2. Chris Dart, cdart@danco-group.com
3. Megan Van Sant, vanstantm@mendocinocounty.org