

# County of Santa Clara

## Santa Clara Valley Health & Hospital System

### Mental Health Services



HHS07 042109


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DATE: April 21, 2009

TO: Board of Supervisors

FROM:   
Kim Roberts  
SCVHHS - Chief Executive Officer

SUBJECT: Delegation of Authority for Memoranda of Understanding with Charities Housing Development Corporation for Mental Health Services Act Housing Program Projects

### **RECOMMENDED ACTION**

Approve delegation of authority to Director of Mental Health Department, or designee, to negotiate, execute, amend and extend Memoranda of Understanding with Charities Housing Development Corporation relating to Mental Health Services Act Funding for Belovida Santa Clara Housing Project (\$550,000) and Kings Crossing Housing Project (\$2,150,000) for period beginning upon execution of the agreements, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 30, 2013.

### **FISCAL IMPLICATIONS**

There will be no impact on the General Fund. Funding for the two housing projects will come from a combination of sources.

***Belovida.*** The funding sources for this project include: City of Santa Clara, Santa Clara County Trust Fund, California Bank and Trust, Mental Health Services Act (MHSA), and Federal Home Loan Bank. A total of \$550,000 in MHSA Housing Program funds will support three of the 28 units in this project; of that total, \$300,000 is for the initial development and \$250,000 is to be set-aside in a capitalized operating subsidy to ensure continued affordability to the MHSA-targeted households who will reside in the units.

***Kings Crossing.*** The funding sources for this project include Wells Fargo, City of San Jose Redevelopment Agency, City of San Jose HOME, County of Santa Clara-Housing Plus, Mental Health Services Act, and Federal Home Loan Bank. A total of \$2,150,000 in MHSA Housing Program funds will support ten of the 94 units in this project; of that total, \$1,200,000 is for the initial development and \$950,000 is to be set-aside in a capitalized operating subsidy to ensure continued affordability to the MHSA-targeted households who will reside in the ten units.

Charities Housing Development Corporation is the developer for these two projects.

## **CONTRACT HISTORY**

On May 20, 2008, the Board authorized the assignment of Santa Clara County's share of the State MHSA Housing Program Funds to the California Housing and Finance Agency (CalHFA), as required by the State, for the administration of permanent supportive housing programs.

The Board of Supervisors authorized the submission of the Belovida and Kings Crossing proposals to CalHFA and California Department of Mental Health (CDMH) for approval to fund these projects with MHSA Housing Program Funds in May 2008. Since that time, both projects have been approved by the State agencies.

The Belovida senior housing project will include three 1-bedroom units of affordable permanent housing for seniors (62+ years of age) who are consumers of mental health services and homeless or at-risk of homelessness.

The Kings Crossing affordable housing project will include ten 1-bedroom units of affordable permanent housing for consumers of mental health services who are homeless or at-risk of homelessness.

## **REASONS FOR RECOMMENDATION**

The State requires the County to execute a Memorandum of Understanding (MOU) with the developer of a housing project for assurance that all parties will be committed to implementation of the project. The MOU must be executed 90 days prior to certification of occupancy, which is planned for Belovida on October 1, 2009.

The Mental Health Department is currently negotiating an MOU with Charities Housing Development Corporation for each of the two housing projects. The term of each agreement will begin upon execution of the agreement and will continue until the occurrence of the earliest of the following events: (1) either party terminates for convenience in writing; (2) failure to secure necessary funding for the project and either party terminates in writing; (3) expiration or termination of the MHSA Loan; or (4) the sale of the project. The draft MOUs are attached for your information.

## **BACKGROUND**

On November 2, 2004, California voters passed Proposition 63, establishing new tax revenues to be used to expand county mental health services to children, adults and seniors with severe mental illnesses, and to fund prevention and early intervention services, innovative programs, human resource development, and capital facilities and technology improvements.

The State Department of Mental Health has divided implementation of MHSAs into five components: 1) Community Services and Supports (CSS) which expands services to seriously mentally ill children, transition youth, adults, and seniors; 2) Prevention and Early Intervention (PEI) services; 3) Workforce Education and Training (WET); 4) Capital Facilities and Technological Needs (CFTN); and 5) Innovation (INN).

In addition, MHSAs CSS funds were used to create an MHSAs Housing Program, which is a discrete program funded with a one-time statewide investment of \$400 million. The MHSAs Housing Program supports the development of permanent housing for consumers of mental health who are homeless or at risk of homelessness. The County's allocation for the MHSAs Housing Program is \$19.2 million.

To date, the Mental Health Department has submitted applications to CDMH and CalHFA for four projects. The table below summarizes the status of all four projects.

<b>Project Name</b>	<b># MHSAs Units</b>	<b>MHSAs Funding</b> \$19,249,300	<b>Approved by BOS</b>	<b>Approved by CDMH/CalHFA</b>	<b>Status</b>
Belovida	3 x 1 -BR	\$550,000	5/20/08	7/28/08	Under construction
Kings Crossing	10 x 1 -BR	\$2,150,000	5/20/08	1/05/09	Processing loans
Sunnyvale Senior	18 x 1 -BR	\$1,800,000	12/09/08		State review
90 Archer Street	6 x SRO	\$1,200,000	3/24/09		State review
Total requested to date		\$5,700,000			
Total balance remaining		\$13,549,300			

**Belovida.** This is a new construction project being developed by Charities Housing Development Corporation, located at 1858 Main Street in Santa Clara, at the corner of Warburton Avenue and Main Street. The project will have a total of 28 1-bedroom and 2-bedroom units of permanent, affordable rental housing for senior households at or below 50% of Area Median Income (AMI) where all members of the household are 62 years of age or older. Three of these units will be reserved for mentally ill seniors at or below 39% AMI who are homeless or at risk of being homeless. The tenant portion of the rent for these three units will be the equivalent of 30% of a household's SSI income. The project provides a community meeting room and kitchen, library, laundry, public restrooms, and an outdoor courtyard. Supportive services will be provided for these three individuals to enable them to enhance their independent living skills, obtain support from other sources, take part in support group and social/recreational activities, and obtain other assistance as needed.

***Kings Crossing.*** This is a new construction project being developed by Charities Housing Development Corporation, located at 686 N. King Road in San Jose, at the corner of King Road and Dobbin Street. The project will have a total of 94 units of permanent, affordable rental housing for households at or below 45% of AMI. Offering a mix of 1-bedroom, 2-bedroom, and 3-bedroom units, this project will set aside ten units for mentally ill adults at or below 45% AMI who are homeless or at risk of being homeless. The tenant portion of the rent for these ten units will be the equivalent of 30% of a household's SSI income. The project provides a community meeting room and kitchen, fitness center, laundry, public restrooms, and an outdoor play area for children. Supportive services will be provided for the individuals in these ten units, to enable them to enhance their independent living skills, obtain support from other sources, participate in support group and social/recreational activities, and obtain other assistance as needed.

### **CONSEQUENCES OF NEGATIVE ACTION**

Failure to approve the recommended actions may impact implementation of MHSA housing programs serving mental health clients in Santa Clara County.

### **ATTACHMENTS**

- Memorandum of Understanding - Belovida
- Memorandum of Understanding - Kings Crossing