



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
D-14

For the meeting of: September 20, 2016

Date: August 24, 2016

To: Board of Supervisors

From: Connie Beck, Director *CB*
Department of Health and Human Services

Subject: Release and Return of Funds Held by the California Housing Finance Agency (CalHFA) Due to the Expiration of the Agreement between Mental Health Services Act (MHSA) Housing Program and CalHFA

RECOMMENDATION(S):

That the Board of Supervisors:

1. Authorizes the Department of Health and Human Services (DHHS) – Interim and/or permanent Mental Health Director to sign the MHSA Housing Loan Program Ongoing Annual MHSA Fund Release Authorization for Future Unencumbered Funds; and
2. Authorizes the Department of Health and Human Services (DHHS) – Interim and/or permanent Mental Health Director to sign the MHSA Housing Loan Program Fund Release Authorization for Existing Unencumbered Funds; and
3. Directs the Clerk of the Board to forward one (1) certified copy of the Board Report to the DHHS-Contract Unit for transmittal to DHHS-Mental Health Administration.

SOURCE OF FUNDING:

MHSA Housing Program

Prepared by Jaclyn Culleton, Program Manager

CAO Approval *[Signature]*

REVIEW:

Auditor *AC* County Counsel _____ Human Resources _____ Other _____

TYPE OF ITEM:

Consent

Departmental

Public Hearing

Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor *Fennell* Seconded by Supervisor *Bass*

Ayes *Sundberg, Fennell, Lovelace, Bohn, Bass*

Nays _____

Abstain _____

Absent _____

PREVIOUS ACTION/REFERRAL:

Board Order No. C-10

Meeting of: 3/17/2015

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: Sept. 20, 2016

By: *[Signature]*
Kathy Hayes, Clerk of the Board

DISCUSSION:

On August 23, 2007, the State of California Department of Mental Health, now the State Department of Health Care Services (DHCS) and the California Housing Finance Agency (CalHFA) notified counties that funding to qualified borrowers interested in applying for capital development and operating subsidies for permanent supportive housing for individuals with serious mental illness would be made available through the MHSAs Housing Program. Humboldt County's submitted plan was estimated at \$1,955,300.

On May 23, 2008, DHHS-Mental Health signed a MHSAs Housing Program Assignment Agreement in order to transfer approved funds to CalHFA. CalHFA has held the transferred funds in a county specific sub-account, investing the funds in an appropriate investment vehicle as determined by CalHFA, and crediting the county sub-account with interest received on the investment.

On December 8, 2009 (item F-3), your Board approved the issuance of a Request for Qualifications (RFQ) for a qualified developer to partner with DHHS to develop permanent supportive housing through the MHSAs Housing Program and authorized DHHS to submit a joint application with the selected developer.

On May 11, 2010, DHHS selected Humboldt Bay Housing Development Corporation to be its qualified developer to partner with to develop permanent supportive housing through the MHSAs Housing Program.

On April 15, 2013, DHHS submitted a collaborative application requesting capital development and operating subsidies to the State and CalHFA for the development of permanent supportive housing for individuals with serious mental illness who are homeless or at risk of homelessness and their families. The funding award was made directly to the Humboldt Bay Housing Development Corporation as the qualified borrower through a contract with CalHFA.

On March 17, 2015 (item C-10), your Board approved the Memorandum of Understanding (MOU) regarding the Arcata Bay Crossing, to be funded under the MHSAs Housing Program, between DHHS-Mental Health, Humboldt Bay Housing Development Corporation, and the Rural Communities Housing Development Corporation.

On May 30, 2015 the agreement between MHSAs and CalHFA expired. The county was notified by letter on June 9, 2016 that a decision on how remaining and future funds were to be dispersed must be received by September 30, 2016. The Ongoing Annual MHSAs Fund Release Authorization for Future Unencumbered Funds form (attached) advises CalHFA how to handle future funds that may be received by CalHFA on behalf of the county. DHHS requests that CalHFA release funds annually by May 1st of each calendar year starting in 2017.

The MHSAs Housing Loan Program Fund Release Authorization for Existing Unencumbered Funds (attached) advises CalHFA to release and return Humboldt County's current fund balance due to interest. Balance of this fund as of May 30, 2016 is \$16,789.15.

FINANCIAL IMPACT:

The remaining fund balance of \$16,789.15 will be deposited into the Arcata Bay Crossing housing project capitalized operating subsidies reserves. There will no impact to the County General Fund.

This project directly relates to the Board's Strategic Framework. It is a public/private partnership that will protect vulnerable populations and provide community-appropriate levels of service while supporting citizen's self-reliance.

OTHER AGENCY INVOLVEMENT:

Humboldt Bay Housing Development Corporation

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to authorize; however, this alternative is not recommended as this would result in the loss of these funds for the Arcata Bay Crossing housing project.

ATTACHMENTS:

1. MHSAs Housing Loan Program Ongoing Annual MHSAs Fund Release Authorization for Future Unencumbered Funds; and
2. MHSAs Housing Loan Program Fund Release Authorization for Existing Unencumbered Funds

MHSA HOUSING LOAN PROGRAM
ONGOING ANNUAL MHSA FUND RELEASE AUTHORIZATION FOR FUTURE
UNEUNCUMBERED FUNDS

City/County: Humboldt

Until otherwise directed by City/County, and pursuant to Welfare and Institutions Code (W&I) Section 5892.5, City/County hereby request the annual release of MHSA funds in City/County's CalHFA MHSA account ("Account"). Said Account may include deposits of unencumbered MHSA Housing funds, MHSA residual receipt loan payments, and accrued interest (collectively referred to as "Funds"). As of May 1st of each calendar year, please:

- Release and return all Funds to the City/County; OR**
- Release and assign all Funds to the CalHFA administered Local Government Special Needs Housing Program.**

On behalf of the City/County listed above, I hereby certify the following:

The City/County will use any released MHSA Funds returned to the City/County to provide housing assistance to the target populations identified in W&I Section 5600.3. Housing assistance means rental assistance or capitalized operating subsidies; security deposits, utility deposits, or other move-in cost assistance; utility payments; moving cost assistance; and capital funding to build or rehabilitate housing for homeless, mentally ill persons or mentally ill persons who are at risk of being homeless; and

The City/County will administer released and returned MHSA Funds in compliance with the requirements of the MHSA including, but not limited to, the following:

- The City/County will follow the stakeholder process identified in (W&I Section 5848), when determining the use of the funds;
- The City/County will include the use of the funds in the County's Three-Year Program and Expenditure Plan or Annual Update, (W&I Section 5847);
- The City/County will account for the expenditure of those MHSA Funds in the City/County's Annual Revenue and Expenditure Report (W&I Section 5899) Reporting will begin in the fiscal year when the MHSA Housing Program funds are returned to the City/County by CalHFA; and
- The City/County will expend the returned funds within three years of receipt or the funds will be subject to reversion. (W&I Section 5892 (h)).

By: _____

Date: _____

Name: Donna Wheeler, LCSW

Title: Interim Mental Health Director

**MHSA HOUSING LOAN PROGRAM
ONGOING ANNUAL MHSA FUND RELEASE AUTHORIZATION FOR FUTURE
UNEUNCUMBERED FUNDS**

Make check payable to (if applicable): _____

Address: _____

Must attach evidence of City/County Board of Supervisors Approval



State of California Use Only:

REVIEWED BY:

**Department of Health Care Services
Agency**

California Housing Finance

Signature Date

Signature Date

Name

Name

Title

Title

MHSA HOUSING LOAN PROGRAM
FUND RELEASE AUTHORIZATION FOR EXISTING UNENCUMBERED FUNDS

City/County: Humboldt

Pursuant to Welfare and Institutions Code (W&I) Section 5892.5, City/County hereby request the release of Program unencumbered funds on deposit with CalHFA as of **May 31, 2016**, ("Funds") as follows:

- Release and transfer the percent of Funds reflected on Attachment C to the designated MHSA Project COSR's administered by CalHFA; AND/OR**
- Release and return \$ _____ or the balance of Funds to the City/County; AND/OR**
- Release and assign the balance of Funds to the CalHFA administered Local Government Special Needs Housing Program ("SNHP").**

On behalf of the City/County listed above, I, hereby certify the following:

The City/County will use any released Funds returned to the City/County to provide housing assistance to the target populations identified in W&I Section 5600.3. Housing assistance means rental assistance or capitalized operating subsidies; security deposits, utility deposits, or other move-in cost assistance; utility payments; moving cost assistance; and capital funding to build or rehabilitate housing for homeless, mentally ill persons or mentally ill persons who are at risk of being homeless..

The City/County will administer released and returned MHSA Funds in compliance with the requirements of the MHSA including, but not limited to, the following:

- The City/County will follow the stakeholder process identified in W&I Section 5848, when determining the use of the funds;
- The City/County will include the use of the funds in the County's Three-Year Program and Expenditure Plan or Annual Update, per W&I Section 5847;
- The City/County will account for the expenditure of those MHSA Funds in the City/County's Annual Revenue and Expenditure Report (W&I Section 5899). Reporting will begin in the fiscal year when the MHSA Housing Program funds are returned to the City/County by CalHFA; and
- The City/County will expend funds within three years of receipt or the funds will be subject to reversion (W&I Section 5892 (h)).

MHSA HOUSING LOAN PROGRAM
FUND RELEASE AUTHORIZATION FOR EXISTING UNENCUMBERED FUNDS

By: _____

Date: _____

Name: Donna Wheeler, LCSW

Title: Interim Mental Health Director

Make check payable to (if applicable): _____

Address: _____

**Must attach evidence of City/County Board of Supervisors Approval
Must attach Summary of Projects and COSR deposits (if applicable)
(Attachment C)**



State of California Use Only:

REVIEWED BY:

**Department of Health Care Services
Agency**

California Housing Finance

Signature Date

Signature Date

Name

Name

Title

Title