



COUNTY OF HUMBOLDT

For the meeting of: 12/4/2018

File #: 18-1549

To: Board of Supervisors

From: DHHS: Administration

Agenda Section: Consent

SUBJECT:

Master Lease Agreement by and between County of Humboldt and Eureka 4th Street, LP

RECOMMENDATION(S):

That the Board of Supervisors approve, and authorize the Director of the Department of Health and Human Services (DHHS) to execute, the attached master lease agreement and subordination, non-disturbance and attornment agreement with Eureka 4th Street, LP regarding DHHS' leasing of 25 units for DHHS-selected tenants.

SOURCE OF FUNDING:

Social Services, Mental Health and Public Health Funds

DISCUSSION:

On March 1, 2016 (item H-2) the Board approved a Joint Resolution of the City Council of the City of Eureka (the City) and the County of Humboldt to Collaborate on Reducing Homelessness (attachment 2). The resolution states "the County, Department of Health and Human Services (DHHS) and the City shall work collaboratively with the community to create a sustainable strategy and human infrastructure to implement the Housing First approach."

Following this direction, DHHS, the City of Eureka and the Danco Group collaborated on a project that offers permanent supportive housing units for homeless veterans and/or dependent homeless adults with special needs. The Eureka Veterans and Homeless Project (Project) located at 108 4th Street in Eureka is a multifamily 50 unit building for low-income tenants built and renovated by Eureka 4th Street, LP, part of the Danco Group.

The proposed master lease agreement (attachment 1) sets forth the conditions under which Eureka 4th Street, LP will master lease twenty-five (25) rental units in the Project to DHHS for lease to tenants designated by DHHS. Eureka 4th Street, LP has received an allocation of low-income housing tax credits for the Project and intends for the project to qualify as a "low income housing project" under Section 42 of the Internal Revenue Code. The requirements for the project under Section 42 of the Internal Revenue Code and the California Tax Credit Allocation Committee Regulatory Agreement are

collectively referred to as the “LIHTC Requirements.” DHHS reserves the use of 25 units for DHHS clients. DHHS selects and places homeless veterans and/or dependent homeless adults with special needs who meet the LIHTC requirements set forth in the master lease agreement.

Leases will be in the client’s name and clients will pay not more than 30% of their income for rent. Until December 31, 2038, for each DHHS Unit, DHHS will pay Eureka 4th Street, LP rent in a month amount equal to the difference between the Base Rent and the Fair Market Rent (FMR). The FMR as used in the proposed master lease agreement is the amount approved from time to time by the California Tax Credit Allocation Committee. The difference between what the client pays and FMR will be paid by DHHS with funds designated for, or authorized for use for, Permanent Supportive Housing for DHHS clients. DHHS’ obligations under this agreement are contingent upon the availability of local, state and/or federal funds. In the event such funding is reduced or eliminated, DHHS can terminate this agreement due to insufficient funding.

There is a critical lack of affordable housing in Humboldt County. This collaboration supports the Housing First approach by providing affordable housing and other supports for particularly vulnerable populations: veterans and/or dependent homeless adults with special needs. To meet funder requirements and to ensure units are reserved for DHHS clients, the master lease agreement must be executed.

Consistent with the Housing First model for service delivery, Humboldt County DHHS will provide case management services for residents placed by this project and will make referrals for tenancy and assist clients in completing applications and securing funds for deposits. Case management services for persons with serious mental illness will be billed to Medi-Cal as appropriate.

Therefore, staff recommends that the Board approve and authorize the DHHS Director to execute the attached master lease agreement and subordination, non-disturbance and attornment agreement with Eureka 4th Street, LP, regarding DHHS’ leasing of 25 units for DHHS-selected tenants.

FINANCIAL IMPACT:

The costs associated with this agreement shall not exceed Four Hundred Nineteen Thousand Dollars (\$419,000.00) for two years. The funding will be provided through a combination of federal, state and local allocation and grant dollars. DHHS has included this cost in the approved fiscal year 2018-19 budget and will continue to include this cost in DHHS’ proposed budgets as long as funding allows. There will be no impact to the County General Fund.

The recommended action supports the Board’s Strategic Framework by protecting vulnerable populations and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to approve the attached master lease agreement. This alternative is not

recommended as lack of housing for DHHS clients including veterans and/or dependent homeless adults with disabilities and/or serious mental illness has been a continuing problem.

ATTACHMENTS:

1. Master Lease Agreement By And Between County of Humboldt and Eureka 4th Street, LP
2. Subordination, Non-Disturbance and Attornment Agreement
3. County of Humboldt Joint Resolution with the City of Eureka to Collaborate on Reducing Homelessness

PREVIOUS ACTION/REFERRAL:

Board Order No.: H-2

Meeting of: 03/01/16