



COUNTY OF HUMBOLDT

For the meeting of: 3/12/2019

File #: 19-296

To: Board of Supervisors
From: DHHS: Administration
Agenda Section: Consent

SUBJECT:

Master Lease Agreement by and between County of Humboldt and Rio Dell Rigby, LP

RECOMMENDATION(S):

That the Board of Supervisors:

1. 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 Rio Dell Rigby, LP regarding DHHS's leasing of twenty-five (25) units for DHHS-selected tenants.

SOURCE OF FUNDING:

Mental Health Fund

DISCUSSION:

DHHS and Danco Communities have collaborated on a project that offers affordable housing units for families who are homeless or at-risk of homelessness. Cottages at Rigby (the "Project") located at the junction of Center Street and Rigby Street, Rio Dell, is a multifamily twenty-six (26) unit complex for low-income tenants built by Rio Dell Rigby, LP, consisting of the Capital Regional Development Council, Danco Communities, and Johnson & Johnson.

The proposed master lease agreement (attachment 1) sets forth the conditions under which Rio Dell Rigby, LP will master lease twenty-five (25) rental units in the Project to DHHS for lease to tenants designated by DHHS. Rio Dell Rigby, 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 20 units for DHHS clients. DHHS selects and places homeless households who meet the LIHTC requirements set forth in the master lease agreement.

The initial term of this Lease shall be for a period of Twenty (20) years, commencing upon receiving a

Certificate of Occupancy and full access to the rental unit. Leases will be in the client's name. For each DHHS Unit, DHHS will pay Rio Dell Rigby, 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 U.S. Department of Housing and Urban Development (HUD). The difference between what the client pays and FMR will be paid by DHHS with funds designated for, or authorized for use for, 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 for homeless and at-risk of homelessness individuals and families who are receiving supportive services from DHHS. 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 with Rio Dell Rigby, LP, regarding DHHS' leasing of 25 units for DHHS-selected tenants.

FINANCIAL IMPACT:

The costs associated with this agreement shall not exceed Two Hundred Eighty-Two Thousand, Three Hundred Fifty Dollars (\$282,350) for the maximum biennial (two (2) fiscal years) rental payments. 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.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by protecting vulnerable populations and creating opportunities for improved safety and health.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to approve the attached master lease agreement. This alternative is not recommended as lack of housing for DHHS clients including severely mentally ill individuals and families that are homeless and at-risk of homelessness has been a continuing problem.

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ATTACHMENTS:

1. Master Lease Agreement by and Between County of Humboldt and Rio Dell Rigby, LP
2. Subordination, Non-Disturbance and Attornment Agreement

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

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