



DEPARTMENT OF
HEALTH AND HUMAN SERVICES

Promoting and protecting health, well-being, self-sufficiency, and safety of all in Marin County.



May 10, 2022

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DIRECTOR

Marin County Board of
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SUBJECT: Department of Health and Human Services, Division of Whole Person Care, seeks approval of a multi-year Grant Agreement for capital improvements, a County Regulatory Agreement, and a multi-year Preliminary Operating Agreement with Episcopal Community Services for the Homekey Project at 1251 South Eliseo Drive in Larkspur. (New)

Dear Supervisors:

RECOMMENDATIONS:

1. Authorize the President to execute multi-year Grant Agreement, substantially in the form attached, subject to County Counsel approval, with Episcopal Community Services for up to \$11.4 million.
2. Authorize the President to execute County Regulatory Agreement, substantially in the form attached, subject to County Counsel approval, with Episcopal Community Services.
3. Authorize the President to execute Preliminary Operating Agreement, substantially in the form attached, subject to County Counsel approval, with Episcopal Community Services.

SUMMARY: On February 15, 2022, your Board accepted a grant award of \$15,497,200 from the California Department of Housing and Community Development (HCD) to support the Homekey Project located at 1251 South Eliseo Drive in Larkspur, CA. Your Board also approved subrecipient Episcopal Community Services (ECS) to receive the capital Homekey award of \$12,900,000 from HCD to acquire the property. The Department is now returning to your Board for approval of a Grant Agreement, a County Regulatory Agreement, and a Preliminary Operating Agreement with Episcopal Community Services to renovate, manage and operate 1251 South Eliseo Drive, a 43-unit permanent supportive housing project.

Under the multi-year Grant Agreement, the County will provide ECS up to \$11.4 million for the rehabilitation and renovation of 1251 South Eliseo Drive. The Grant Agreement will be supported by federal and state grant revenue to offset County General Fund contribution and may include up to \$6 million in No Place Like Home grant funds for which the Department has already applied.

The Regulatory Agreement imposes certain conditions and requirements on 1251 South Eliseo and will be recorded against the property. Under the Regulatory Agreement, 1251 South Eliseo will provide permanent supportive housing to at least 43 low-income individuals who are experiencing or who are at risk of homelessness, will provide tenant protections, and have rent limits. Additionally, the County will have a right of first refusal if ECS receives and desires to accept a bona fide offer to purchase 1251 South Eliseo Drive. If the County elects to purchase 1251 South Eliseo Drive, the purchase price shall be one dollar (\$1) plus the assumption of any outstanding secured debt encumbering the property that was previously approved in writing by the County.

The multi-year Preliminary Operating Agreement outlines the operational requirements for the site and the requirements for ECS to receive yearly operating subsidies. This initial draft is based upon activities and outcomes from the original Homekey application and includes the basic expectations for site operation and compliance with HHS Division of Homelessness & Whole Person Care operations standards. The County and ECS anticipate amending the Operating Agreement with a more detailed Scope of Work with information about additional clinical support and the Community Services Safety team as well as potential input from the Community Advisory Group. The amendment will occur as more information, including cost information, becomes available closer to the opening date, which has not yet been determined.

BACKGROUND: Building on the Project Roomkey initiative, which provided funds to lease motel rooms to house people experiencing homelessness, Homekey is a statewide effort to rapidly expand housing for persons who are currently experiencing or at-risk of homelessness, and who are impacted by COVID-19. Homekey is an opportunity for local public agencies to purchase motels and a broad range of other housing types to increase their community's capacity to respond to homelessness and the current COVID-19 pandemic. Of the \$1.45 billion in Homekey funding, \$1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF), which must be expended within 8 months of award and \$250 million is State General Funds, which must be expended by June 30, 2026.

Marin County was awarded and accepted a Homekey grant of \$15,497,200, comprised of \$12,900,000 in capital and \$2,597,200 in operating funds. The capital funds, provided directly to ECS from HCD, support the acquisition of the property by ECS as well as the renovations necessary to render the building habitable and convert it from a former skilled nursing facility to a residential building with space for on-site permanent supportive services and community gatherings.

COMMUNITY BENEFIT: Permanent supportive housing with 24/7 onsite support is a significant gap in Marin's homelessness system of care. The Homekey program is an opportunity to increase the supply of permanent housing available to people experiencing or at risk of homelessness. The permanent supportive housing project at 1251 South Eliseo Drive will be highly supportive and will include on-site behavioral healthcare, housing case management, peer support, benefits counseling, and connection to physical healthcare.

EQUITY IMPACT: African American and Latinx people are significantly overrepresented in Marin County’s homeless population compared to the general population. Project Homekey will allow the County to increase permanent housing for people experiencing homelessness, which will correspondingly benefit African American and Latinx residents. Marin County Project Homekey sites will be designed to stabilize and re-house people experiencing homelessness to directly address this inequity. Episcopal Community Services is committed to inclusivity and hiring culturally and linguistically competent staff that reflect the agency’s clientele and regularly provides staff training opportunities on racial, ethnic, and cultural competency issues. Clients will be placed through the County’s Coordinated Entry system, which has been designed to ensure that people are placed in housing in proportion to their representation in the homeless population, and which is currently being redesigned under an equity lens.

FISCAL IMPACT: The multi-year Grant Agreement with ECS provides up to \$11.4 million for the rehabilitation and renovation of 1251 South Eliseo Drive. The Department estimates that the County will subsidize the acquisition and rehabilitation of the property by up to \$7.7 million from County sources such as federal COVID-19 relief funds, and up to \$6 million in State No Place Like Home funds for which the Department has already applied.

The ECS proposal includes annual operating costs of \$1.6 million in the first year, which will be offset by approximately \$910,000 in voucher income resulting in an operating shortfall of \$690,000. The Preliminary Operating Agreement will be initially supported by the \$2,597,200 Homekey grant operating subsidy that will fund the first three years of operations. The Department estimates that the County’s annual cost to subsidize the ongoing operating costs will average approximately \$850,000 beginning in the fifth year of the operating agreement. Over the 15-year period, the County’s operating subsidy costs are expected to average \$650,000. Additional costs for County services and the community services safety team are not included in this estimate. The Department will return to your Board for approval of a final Operating Agreement when additional operational and cost details have been finalized. The County Regulatory Agreement has no financial component.

REVIEWED BY:	County Administrator	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
	Department of Finance	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
	County Counsel	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
	Human Resources	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>

Respectfully submitted,

Benita McLarin
Director