RESOLUTION - ACTION REQUESTED 2018-298

MEETING: June 26, 2018

TO: The Board of Supervisors

FROM: Chevon Kothari, Human Services Director

RE: Forgivable Loan with ACT Holding, Inc.

RECOMMENDATION AND JUSTIFICATION:
Approve a Forgivable Loan Agreement with ACT Holding, Inc. in the amount of $300,000 to set aside 5 housing units for Human Services' clients; and authorize the Board of Supervisors Chair to sign the Agreement.

Human Services wishes to enter into this agreement to set aside 5 housing units in a 22 unit complex to be purchased by ACT Holding, Inc. There is a shortage of housing units for Human Services clients who are in need. The Behavioral Health unit in particular has need for lower cost alternative housing for clients who are in mental health crisis recovery. Often clients are placed in higher cost settings outside the County. The availability of lower cost units in town where staff can readily perform Medi-Cal reimbursable case management services would provide offsetting revenue, in addition to the savings on housing costs. This should result in cost savings over 30 years that will exceed the $300,000 initial investment.

Under this agreement, ACT Holding will be loaned $300,000 in a 30 year forgivable loan. ACT Holding will set aside 5 units for Human Services use. Every 10 years that ACT Holding complies with the agreement, one third ($100,000) of the loan will be forgiven. If ACT Holding should sell the property or otherwise not fulfill their part of the agreement, the balance of the loan would be due in cash.

BACKGROUND AND HISTORY OF BOARD ACTIONS:
This is a new agreement with ACT Holding, Inc. to provide access to client housing.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
If the Board chooses not to approve, Human Services will continue to place mental health clients in higher cost out of county placements wherever they can be found.

FINANCIAL IMPACT:
This agreement will be funded by mental health realignment dollars. There is no impact to the County General Fund.

ATTACHMENTS:
Regulatory Agreement (Final) (PDF)
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Mariposa Secured Promissory Note (Final)  (PDF)
Deed of Trust (Final)  (PDF)

RESULT:  ADOPTED BY CONSENT VOTE [UNANIMOUS]
MOVER:  Merlin Jones, District II Supervisor
SECONDER:  Marshall Long, District III Supervisor
AYES: Rosemarie Smallcombe, Merlin Jones, Marshall Long, Miles Menetrey
EXCUSED:  Kevin Cann