



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/12/2017

Agenda Placement: 10A

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: JoAnn Melgar for Howard Himes - Director
Health & Human Services Operations

REPORT BY: JoAnn Melgar, Staff Services Analyst II - 707-253-4722

SUBJECT: Receipt of grant and donation funds (Invest Health)

RECOMMENDATION

Director of Health and Human Services requests approval of the following actions regarding the Invest Health project:

1. Authorization to accept a grant and donation funds for building internal capacity to support the Invest Health project work totaling:
 - a. \$25,000 grant - Kaiser Permanente Northern California Community Benefit Program;
 - b. \$10,000 donation - Peter A. and Vernice H. Gasser Foundation;
 - c. \$10,000 donation - Queen of the Valley Community Benefits; and
 - d. \$ 2,500 donation - Napa Valley Community Foundation.
2. Approval of Budget Transfer No. HHS002 increasing appropriations by \$47,500 in the Homeless and Housing Services Suddivision 20008-01 offset by an Increase in revenue by \$25,000 in Other Grants and \$22,500 in Donations/Contributions (4/5 vote required).

EXECUTIVE SUMMARY

Invest Health is a new grant-funded initiative that brings together diverse partners from mid-sized cities across the nation to develop new strategies for increasing and leveraging private and public investments to accelerate improvements in neighborhoods facing the biggest barriers to better health. The program is collaboration between the Robert Wood Johnson Foundation and Reinvestment Fund.

Napa was one of 50 small and mid-size cities awarded an **Invest Health** grant in June of 2016. The Napa Invest Health team has explored project work at the intersection of health, social justice and economic development in Napa focused on strategies to reduce the high cost of living in Napa and foster social connections to create a more vibrant community. From this, two projects have emerged:

1. Increasing access to low-and-no-cost food for low-income residents to offset their cost of living burden and improve health; and
2. Increasing access to capital for low-income homeowners who wish to create flexible, rentable dwelling space within the envelope of their existing homes, as both an economic self-sufficiency strategy for those homeowners and a “housing that is affordable” strategy for low-income renters.

Staff is seeking permission to accept a grant and donation funds for building internal capacity to support the Invest Health project work totaling \$47,500. These funds come for four organizations:

- | \$25,000 grant - Kaiser Permanente Northern California Community Benefit Program
- | \$10,000 donation - Peter A. and Vernice H. Gasser Foundation
- | \$10,000 donation - Queen of the Valley Community Benefits
- | \$ 2,500 donation - Napa Community Foundation

Staff is also seeking permission to increase revenues by \$47,500 in the Homeless and Housing (20008-01) budget subdivision with an increase in the Other Professional Services line for the Invest Health project.

PROCEDURAL REQUIREMENTS

1. Staff Report.
2. Public comments.
3. Motion, second, discussion and vote on item.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Donations from Kaiser Permanente Northern California Community Benefit Program, Peter A. and Vernice H. Gasser Foundation, Queen of the Valley Community Benefits, and Napa Valley Community Foundation.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The item is discretionary in that there is no mandate to accept the donations.
Is the general fund affected?	No
Future fiscal impact:	There is no future fiscal year impact.
Consequences if not approved:	If these donations are not accepted, HHSA will not have the resources to conduct pre-development work and infrastructure building to support the Invest Health project.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of

Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Invest Health – Purpose & Goals

Invest Health is a new initiative that brings together diverse partners from mid-sized cities across the nation to develop new strategies for increasing and leveraging private and public investments to accelerate improvements in neighborhoods facing the biggest barriers to better health. The program is a collaboration between the Robert Wood Johnson Foundation and Reinvestment Fund.

The Commission to Build a Healthier America recommends fundamentally changing how communities revitalize neighborhoods and fully incorporating health into community development. To realize this vision, many cities and counties need to build their capacity to align capital in ways that address the social, economic, physical, and environmental factors that drive well-being. In many ways, mid-sized cities and communities are leading the charge to define 21st century prosperity. This is where the majority of Americans live and where many experience some of the nation's deepest challenges with poverty, poor health, and lack of investment. Collectively, mid-sized communities have more individuals living in poverty than large cities. These communities offer fertile ground for new approaches to improving health—approaches that may also help boost local economies—and drive momentum nationally.

Invest Health was developed to:

- | **BRING TOGETHER DISPARATE SECTORS** in mid-sized communities to align around a vision for better health, create innovative ideas, and unlock new sources of investment;
- | **HELP MID-SIZED COMMUNITIES ATTRACT CAPITAL** to improve health outcomes in low-income communities;
- | **BUILD LASTING RELATIONSHIPS** in these communities that extend beyond the length of the program and help inform work in other communities nationwide;
- | **TEST POTENTIAL SOLUTIONS** to inform the national conversation about how to best invest to achieve health equity in more communities throughout the U.S.;
- | **ADVANCE SYSTEMS-FOCUSED STRATEGIES** that reach across sectors to support health improvement in low-income communities;
- | **USE DATA AS A DRIVER** for change, beginning with an evidence-based understanding of the problem and continuing to a data framework for assessing impact.

Who are the Robert Wood Johnson Foundation & Reinvestment Fund

About Reinvestment Fund

Reinvestment Fund brings together individual investors, banks, government officials, private foundations and faith-based and community organizations to invest in projects that transform communities. As a federally certified community development financial institution (CDFI), they manage \$897 million that comes from over 865 investors. Through strategic investment, leadership in public policy, and data analysis, they put resources in the communities of greatest need in the manner that achieves the greatest good—because everyone should have the opportunity to live in a diverse and economically vibrant neighborhood.

Reinvestment Fund's strategies transform the health and well-being of neighborhoods throughout the country. Over the last 32 years, they have put \$1.9 billion to work for communities across the country. They make long-term

commitments to the cities and towns they work with—partnering with business owners, elected officials, community organizers and residents—and together, create thriving neighborhoods that families are proud to call home.

About Robert Wood Johnson Foundation

The Robert Wood Johnson Foundation (RWJF) is the nation's largest philanthropic organization dedicated solely to health. Since 1972, RWJF has supported research and programs targeting American's most pressing health issues – from substance abuse to improving access to quality health care.

RWJF is based in Princeton, New Jersey. The foundation's goal, through the use of grants, is "to improve the health and health care of all Americans." It has \$9.2 billion in assets and generates approximately \$400 million in grants each year. Those grants are made for a range of health issues, including access to care, childhood obesity, and training for doctors and nurses. Other areas of interest and investment include social and economic factors that can impact health, including quality of housing, violence, poverty, and access to fresh food.

Who is the Napa Team

Napa's Invest Health team is made up of Mitch Wippert, Chief Deputy Director of Health & Human Services; Jennifer Palmer, Napa County Public Health Analyst; Lark Ferrell, City of Napa Housing Authority Manager; and Monica Covarrubias with Queen of the Valley Community Benefits.

Current Project Work

The Napa Invest Health team has explored project work at the intersection of health, equity and economic development in Napa County focused on strategies to reduce the high cost of living in Napa and foster social connections to create a more vibrant community. From this, two projects have emerged:

1. Increasing access to low-and-no-cost food for low-income residents to offset their cost of living burden and improve health.
2. Increasing access to capital for low-income homeowners who wish to create flexible, rentable dwelling space within the envelope of their existing homes, as both an economic self-sufficiency strategy for those homeowners and a "housing that is affordable" strategy for low-income renters.

Project 1: Emergency Food System Study

Invest Health team project work began with a deep, data-driven look at who is accessing low-and-no cost food in Napa County from both a quantitative and qualitative standpoint. Considerable time was next spent focused on community engagement to share what was learned: about the sheer numbers of people who are in need of help (over 35,000 residents); about the relationship between the high cost of living and growing rates of food insecurity, especially among children in Napa County; about the related social isolation burden for our lowest income residents; and finally the fact that the numbers themselves revealed the existence of hidden barriers to access for our vulnerable residents: 8400 kids living below 185% of Federal Poverty Level (FPL) in Napa qualify for free and reduced lunch, and yet only 1200 of their families are accessing the food bank; both prepared food/soup kitchens in Napa are open Monday through Friday and serve one meal daily, within an hour of each other in the middle of the day; participation in Women Infants and Children, Food Bank access and other services are declining while overall rates of food insecurity and housing burden are increasing.

What this data revealed was our service agency partners, policy makers, and community residents need a better understanding of the barriers to accessing existing emergency services (including Cash Aid, bulk and prepared food) from the standpoint of the user and eligible non-user, in order to surface opportunities to improve program

services, system coordination and service expansion. The end goal of the study is a blueprint of emergency food service improvements that result in an end to food insecurity in Napa.

With that goal in mind, the Invest Health team developed a Request for Proposals for an Emergency Food System Study in Napa. Funding for the study comes from a grant from Kaiser Community Benefits, Peter A. and Vernice H. Gasser Foundation, Queen of the Valley Community Benefits and Health and Human Services Agency funds. Additionally, Live Health Napa County recently completed a strategic planning cycle to identify its 3 focus areas for work and the focus of the next Community Health Assessment starting in July and Food Access/Food Insecurity is the number one priority area. The work of this study will be a central component of the data for the work of that group and the Community Health Assessment.

Project 2: Innovative Use of Existing Housing Stock

The greatest barrier to long-term, local health and vitality in Napa is the high cost of living, driven by a thriving economy made up of predominantly low-wage hospitality jobs existing in an agricultural preserve that restricts most available land for farming. The result is a soaring real-estate and rental market that well exceeds the capacity of the local workforce to afford it. Data shows that twenty-five percent of all Napa renters pay more than fifty percent of their income on housing. Locally, this housing burden is driven by scarcity; Napa's agricultural preserve confines most housing development to the Cities, where undeveloped land is scarce and expensive. The lack of housing that is affordable impacts the spectrum of our local community, from the residents to the wine and hospitality industry to the workforce. Napa residents need the wine and hospitality industry to drive the economy, generate taxes and provide jobs. The wine and hospitality industry depends on human labor and needs a large, low-income workforce. The low-income workforce needs housing that is affordable to maintain their own and their family's health. The symbiotic nature of this spectrum means an impact to any one group has an impact on all.

The impacts of Napa's housing crisis are significant:. More than one-quarter of local residents live below the self-sufficiency standard and are unable to meet their basic needs. Older Adults, acutely impacted by increasing rents due to fixed incomes, make up both the fastest growing segment of Napa's population and a growing percentage of Napa's homeless population. Finally, the high cost of living is causing displacement, evidenced in declining local school enrollment, workforce shortages and a lack of intergenerational care available for older adults.

Innovative uses of existing housing stock, specifically construction of rentable units within existing homes - alternately referred to across local jurisdictions as Accessory Dwelling Units (ADU's) or Junior Accessory Dwelling Units (JADU's) - represent the largest potential for new housing units. Data shows there are more than 7,000 homeowners in Napa County with incomes of less than \$75,000 who are burdened by housing costs. The greatest barrier to construction for these homeowners is financing. Traditional mortgage lenders will not qualify mortgages based on additional rental income without two years of demonstrated rental history. This leaves a critical financing gap of 2 years for homeowners interested in creating these accessory dwelling units.

As a first step toward a long-term solution to address the JADU financing gap and catalyze production of these units throughout Napa County, the Invest Health team is working on the creation of a community-engaged, locally - controlled loan fund. This fund would make bridge loan financing available for low-income and housing burdened local homeowners for the construction of rentable JADU's. Targeted investors in the fund are large anchor institutions with significant economic interests in workforce and/or healthcare issues in Napa. The 2nd Unit Revolving Loan Fund will directly address the health impacts of Napa's housing crisis by providing needed, otherwise unavailable funds to utilize existing housing stock to both increase the overall number of housing units in the community and provide needed additional rental income to low-income and housing -burdened Napa homeowners. The Invest Health team is currently receiving technical assistance on the structure and mechanics of how this fund could work from the Federal Reserve of San Francisco and Reinvestment Fund, as well as two national-level CDFI's: Capital Impact Partners and Low Income Investment Fund. This technical assistance is focused on the ideal structure of the local loan fund as well as the mechanics of how to best incorporate

philanthropic capital with investment capital to further incentivize homeowners to rent their units to low-income individuals and families.

In addition to the loan fund itself, the Invest Health team is exploring – through workshops, focus groups and partnership with the City of Napa’s Accessory Dwelling Unit Pilot Project – what the range of additional program and service supports that will be needed to support the long-term success of this new housing type in Napa. Program and service supports are envisioned to include third party property management services, tenant screening services, landlord-tenant mitigation services, and others.

In conclusion, staff is seeking permission to accept a grant and donation funds for building internal capacity to support the Invest Health project work and permission to increase revenues by \$47,500 in the Homeless and Housing (20008-01) budget subdivision with an increase in the Other Professional Services line for the Invest Health project.

SUPPORTING DOCUMENTS

- A . Thank you letter to Mr. Peatman
- B . Thank you letter to Ms. Codron
- C . Thank you letter to Mr. Mulligan

CEO Recommendation: Approve

Reviewed By: Bret Prebula