



Legislation Details (With Text)

File #: ID 21-1017 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 12/3/2021 **In control:** City Council

On agenda: 12/9/2021 **Final action:** 12/9/2021

Title: ***RESOLUTION - Authorizing application to and participation in the Homekey Program to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic (Valley Inn, Parkway Inn, Tiny Homes). (Subject to Mayor’s Veto).

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Attachment A - Resolution - Application to HCD Homekey 2, 2. Attachment B - HCD Homekey 2 NOFA

Date	Ver.	Action By	Action	Result
12/9/2021	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

FROM: JENNIFER CLARK, Director
Planning & Development Department

THOMAS ESQUEDA, City Manager
Office of the Mayor and City Manager

BY: PHILIP SKEI, Assistant Director
Planning & Development Department

SUBJECT

***RESOLUTION - Authorizing application to and participation in the Homekey Program to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic (Valley Inn, Parkway Inn, Tiny Homes). (Subject to Mayor’s Veto).

RECOMMENDATION

Staff recommends Council approve the resolution authorizing application to the California Department of Housing and Community Development’s (HCD) second round of funding under the Homekey Program (Homekey 2) for the operational and support services that support sustaining and expanding housing for persons experiencing homelessness.

EXECUTIVE SUMMARY

HCD announced the availability of approximately \$1.45 billion through a Homekey Notice of Funding Availability (NOFA), Round 2. The City intends to apply for up to \$30 million in financial assistance for various projects to benefit people experiencing homelessness or who are at risk of homelessness. These projects include, but are not limited to the following:

- 1) **Valley Inn** located at 933 N. Parkway Drive (APN 449-335-32): the City intends to apply for funds to reimburse the agency for costs associated with the acquisition and renovation of this motel earlier this year in the amount of \$7,795,000. Additionally, the City will apply for \$1.26 million to reimburse the agency for operating expenses.
- 2) **Parkway Inn** located at 959 N. Parkway Drive (APN 449-324-11): the City intends to apply for \$3,234,000 to acquire the property and an additional \$1,000,000 in rehabilitation funds to prepare the property to serve as interim housing. Additionally, the City will apply for \$960,000 to be applied toward operating expenses.
- 3) **Tiny Homes for Mobile Home Park Vacant Pads**: the City intends to apply for \$5,000,000 to acquire 50 tiny homes, and an additional \$1,250,000 to prepare vacant mobile home pads for landing at various mobile home parks throughout the city. Additionally, the City will apply for \$600,000 to be applied toward operating expenses.

BACKGROUND

On September 9, 2021, HCD announced the availability of approximately \$1.45 billion of funding through its Homekey Program Round 2 (Homekey 2) NOFA. Homekey 2 builds on the success of both Project Roomkey and the first round of Homekey to continue a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, inherently impacted by or at an increased risk for medical diseases or conditions due to the COVID-19 pandemic.

Of the \$1.45 billion in Homekey funding, \$1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and \$250 million is State General Fund. The \$250 million in State General Fund money is intended to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites to promote project feasibility. Homekey 2 funding is available on a first come, first serve basis until May 2, 2022, or until the available funds are exhausted, whichever occurs first. Projects receiving an award from the state's direct allocation of the federal ARPA must expend the funds within eight months of the date of award. The portion of a project's award associated with State General Fund must be expended by June 30, 2026. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

The City's proposed Homekey 2 projects represent the potential addition of 80 interim housing doors and 50 permanent affordable housing units.

Approval of the resolution would authorize the submission of applications to HCD for each project and acceptance of Homekey 2 funds. In the event operational expenses are projected to exceed the amount of the subsidy award granted by HCD, staff will return to Council at a future date with recommendations for approval to fund any gap.

ENVIRONMENTAL FINDINGS

This item is not a project as defined by the California Environmental Quality Act.

LOCAL PREFERENCE

Local preference is not applicable because of state funding.

FISCAL IMPACT

There is no impact on the City's General Fund as a result of this action.

Attachments:

Attachment A - Resolution - Application to HCD Homekey 2

Attachment B - HCD Homekey 2 NOFA