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Title: ***RESOLUTION - Authorizing joint application to and participation in the HomeKey Program to sustain and rapidly expand housing for youth 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. (Subject to Mayor's Veto).

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

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12/2/2021	1	City Council	continued as noted	Pass

REPORT TO THE CITY COUNCIL

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SUBJECT

***RESOLUTION - Authorizing joint application to and participation in the HomeKey Program to sustain and rapidly expand housing for youth 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. (Subject to Mayor's Veto).

RECOMMENDATION

Staff recommends Council approve the resolution authorizing joint application with UPholdings California, LLC (UPholdings) 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 youth experiencing homelessness.

EXECUTIVE SUMMARY

HCD announced the availability of approximately \$1.45 billion through a Homekey Notice of Funding Availability (NOFA), Round 2. UPholdings has proposed to apply jointly with the City as Co-Applicants for up to \$30 million in financial assistance for a project to redevelop the former San Joaquin Suites into permanent affordable housing for youth experiencing or at risk of homelessness. If approved, UPholdings will complete the application and administer the grant on behalf of the City.

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.

Pursuant to Health and Safety Code section 50675.1.3, subdivision (c), HCD will set aside eight percent (8%) of Homekey funding for Projects serving Homeless Youth, or Youth at Risk of Homelessness, as defined in 24 Code of Federal Regulations (CFR) part 578.3. Of the \$1.45 billion in Homekey funding, \$96 million derived from the CSFRF and \$20 million of the State General Fund is allocated for Homeless Youth Set-Aside. Projects within this set-aside may expand the Target Population to include current and former foster youth through the age of 25. This set-aside is not subject to geographic allocation, but HCD will aim to promote geographic equity. Homekey Projects are not required to serve Homeless Youth, or Youth at Risk of Homelessness. Homekey Projects proposing to serve Homeless Youth, or Youth at Risk of Homelessness, may also serve other qualifying members of the Target Population.

UPholdings has requested to apply jointly with the City for its proposed redevelopment project of the former San Joaquin Suites into a permanent affordable housing development for youth experiencing or at risk of homelessness. As the eligible entity, the City would be the Lead Applicant with the understanding that UPholdings will complete the application and be the primary contact for HCD. UPholdings is a comprehensive real estate firm that is dedicated to creating, operating, and sustaining quality affordable housing in communities throughout the United States. Of the 38 properties managed nationwide, seven are located in California with three in Fresno County. The Glenn project is a mixed-use in-fill development with 123-units of affordable multi-family rental housing. Crossroads Village is a former 200-unit motel in north Fresno, converted to permanent housing for individuals and families at risk of homelessness, via a \$15.3 million grant from HCD through the first round of Homekey. Butterfly Gardens is the first ever permanent, supportive housing development in Clovis.

Based on a nationally proven model, the 75-unit development will prioritize robust social services and a high-quality living environment for vulnerable residents, including individuals with disabilities and at-risk of homelessness. All properties, including the San Joaquin Suites development, will feature 24-hour live-in support staff who will provide access to job training, mental health services, and will work collaboratively with local agencies to ensure a healthy and safe community for both residents and neighbors.

The proposed Homekey project at San Joaquin will provide 69 units of housing that target qualified households who are experiencing or at-risk of homelessness. The targeted population for this project includes but is not limited to the Fresno City College (FCC) student population, units for sub-target populations such as homeless youth (age 18-24) and chronically homeless students will be considered to ensure housing options are created for the most vulnerable. FCC has committed to refer and subsidize housing for all units. The Homekey Program will match this local operating commitment, creating a sustainable operating plan. The San Joaquin Project will include a full security upgrade including an extensive camera system of more than 30 cameras that will capture sound and video activity in and around the site 24 hours a day and illuminating lighting throughout the property. The cameras will be monitored by both onsite and offsite staff. Additionally, all walking and driving gates to the property will be upgraded to provide enhanced security and deter “pass through” traffic. Additionally, the development will include residential staff, creating a 24-hour staffing presence and easy and fast non-emergency responses if needed.

Approval of this resolution will authorize submission of the joint application to HCD. Staff intends to return to council for authority to accept funding and to approve an MOU establishing the roles and responsibilities of the parties in administering the grant. UPholdings will seek additional funding from the state for continued contribution of the Project for rehabilitation and on-going funding for operations. The City will not provide funding for rehabilitation and operations.

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 - Joint Application to HCD Homekey 2

Attachment B - HCD Homekey 2 NOFA