



## Legislation Details (With Text)

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**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 (Villa Motel and Ambassador Inn & Suites). (Subject to Mayor's Veto).  
**Sponsors:** Planning and Development Department

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**Attachments:** 1. Attachment A - Homekey 2 Presentation, 2. Attachment B - Resolution - Application to HCD Homekey 2, 3. Attachment C - HCD Homekey 2 NOFA

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

## REPORT TO THE CITY COUNCIL

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## 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 (Villa Motel and Ambassador Inn & Suites). (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) **Villa Motel** located at 817 N. Parkway Drive (APN 449-335-25): the City intends to apply for up to \$3,000,000 to acquire this 51 unit motel and up to an additional \$1,000,000 in rehabilitation funds to prepare the property to serve as interim housing. Additionally, the City will apply for \$1,224,000 to be applied toward operating expenses.
- 2) **Ambassador Inn & Suites** located at 1804 W. Olive Avenue (APN 449-231-11): the City intends to apply for up to \$4,600,000 to acquire this 58 unit motel and up to an additional \$1,000,000 in rehabilitation funds to prepare the property to serve as interim housing. Additionally, the City will apply for \$1,392,000 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 more than 100 interim 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 - Homekey 2 Presentation

Attachment B - Resolution - Application to HCD Homekey 2

Attachment C - HCD Homekey 2 NOFA