

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

RESOLUTION: A) APPROVING AND ADOPTING A FORM RESOLUTION FROM THE STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IN THE FORM SHOWN AS ATTACHMENT A, AUTHORIZING THE COUNTY'S APPLICATION TO THE HOMEKEY PROGRAM FOR FUNDING IN A TOTAL AMOUNT NOT TO EXCEED \$35,000,000 TO COVER CAPITAL AND OPERATING EXPENSES FOR THE CONVERSION OF A HOTEL TO PERMANENT RENTAL HOUSING FOR PEOPLE WHO ARE EXPERIENCING HOMELESSNESS OR CHRONIC HOMELESSNESS, OR ARE AT RISK OF HOMELESSNESS (THE "PROPERTY"); AND B) AUTHORIZING AN ALLOCATION OF UP TO \$14,850,000 IN FEDERAL AMERICAN RESCUE PLAN ACT ("ARPA") FUNDS, OR OTHER FUNDS AS DETERMINED BY THE COUNTY EXECUTIVE, REPRESENTING 1.5 TIMES THE ESTIMATED MATCH OF LOCAL FUNDS FOR THE CAPITAL COSTS OF THE PROPERTY AND AN ALLOCATION OF UP TO \$17,320,000 REPRESENTING 1.5 TIMES THE ESTIMATED MINIMUM REQUIRED MATCH OF FIVE YEARS OF OPERATING SUBSIDY PROVIDED IN THE FORM OF AN AWARD OF COUNTY HOUSING VOUCHERS FOR THE PROPERTY; AND C) AUTHORIZING AND DIRECTING STAFF TO FILE A NOTICE OF EXEMPTION FOR THE PROPERTY UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND D) AUTHORIZING AND DIRECTING STAFF TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH A SPECIAL PURPOSE ENTITY OWNED AND CONTROLLED BY EPISCOPAL COMMUNITY SERVICES OF SAN FRANCISCO (ECS), A CALIFORNIA NONPROFIT CORPORATION ("SPECIAL PURPOSE ENTITY"), SETTING FORTH THE TERMS AND CONDITIONS UNDER WHICH THE SPECIAL PURPOSE ENTITY AS THE COUNTY'S CO-APPLICANT FOR THE HOMEKEY AWARD WILL ACQUIRE, REHABILITATE, MANAGE, OPERATE AND PROVIDE SUPPORTIVE SERVICES AT THE PROPERTY IN THE EVENT THE COUNTY'S APPLICATION FOR FUNDS FROM THE HOMEKEY PROGRAM FOR THE PROPERTY IS APPROVED AND THE COUNTY ACQUIRES THE PROPERTY; AND E) AUTHORIZING AND DIRECTING THE COUNTY EXECUTIVE OR A DESIGNEE TO FINALIZE THE TERMS OF A PURCHASE AND SALE AGREEMENT, OPTION AGREEMENT, LETTER OF INTENT OR OTHER EVIDENCE OF SITE CONTROL, INCLUDING THE PURCHASE PRICE, WITH THE OWNER OF THE PROPERTY, UNDER WHICH THE COUNTY HAS THE RIGHT TO PURCHASE THE PROPERTY SUBJECT TO THE COUNTY'S RECEIPT OF AN AWARD OF THE REQUESTED HOMEKEY FUNDING AND OTHER CONDITIONS DETERMINED BY THE COUNTY EXECUTIVE TO BE REQUIRED BY HOMEKEY FUND OR PRUDENT AND NECESSARY; AND F) AUTHORIZING AND DIRECTING STAFF TO TAKE SUCH FURTHER ACTIONS WITH THE APPROVAL OF THE COUNTY EXECUTIVE THAT MAY BE NECESSARY TO COMPLETE THE SUBMISSION OF THE HOMEKEY 3.0 APPLICATION AND ALL REQUIRED ATTACHMENTS, INCLUDING BUT NOT LIMITED TO THE VERIFICATION OF ACCEPTANCE, FINALIZE ANY CONDITIONS IMPOSED ON THE HOMEKEY AWARD, AND COMPLETE THE ACQUISITION OF THE PROPERTY AND ITS CONVEYANCE TO THE SPECIAL PURPOSE ENTITY IF THE COUNTY RECEIVES AN AWARD OF HOMEKEY FUNDS FOR THE PROPERTY

RESOLVED by the Board of Supervisors of the County of San Mateo, State of California, that:

WHEREAS, building off the success of Project Roomkey, the State created the Homekey Program (“Homekey”), administered by the California Department of Housing and Community Development (“State HCD”), to provide funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. Homekey has created an opportunity for local public agencies to purchase hotels, motels and a broad range of other housing types in order to increase community capacity to respond to homelessness and the ongoing COVID-19 pandemic; and

WHEREAS, State HCD issued its first Notice of Funding Availability (NOFA) for \$600 million in Homekey funding on August 13, 2020. Working in collaboration, the Human Services Agency (“HSA”), the Department of Housing (“DOH”) and Real Property Services submitted two successful applications to State HCD for Homekey funding to acquire two hotels, Pacific Inn and Towneplace Suites in the City of Redwood City (“Redwood City”) and were awarded Homekey funds to acquire both hotels. Pacific Inn, now known as “Pacific Shelter”, is a service-enriched, 74-unit interim housing site, which serves San Mateo County residents experiencing homelessness who are highly vulnerable to COVID-19. Towneplace Suites, now known as “Shores Landing,” is a service-enriched 95-unit permanent affordable housing site for extremely-low income (“ELI”) seniors who may be at risk of homelessness or previously experienced homelessness and at heightened risk for COVID-19 related complications; and

WHEREAS, on September 9, 2021, State HCD issued a second round or Round

2 NOFA for \$1.45 billion of Homekey funding, of which \$1.2 billion is derived from the State's direct allocation of the federal Coronavirus State Fiscal Recovery Fund, which was established by the American Rescue Plan Act of 2021 ("ARPA"). In addition, \$250 million is derived from the State's General Fund to supplement the acquisition of, and to provide initial operating subsidies for, Homekey sites. Working in collaboration, HSA, DOH, Real Property Services, the Project Development Unit, and the Department of Public Works submitted three successful applications to State HCD for Homekey funding in response to the Round 2 NOFA: (1) El Camino House, formerly Stone Villa Inn, converted from a motel to a service-enriched 44-unit non-congregate shelter in the City of San Mateo; (2) Casa Esperanza, formerly the Comfort Inn, converted from a motel to a service-enriched 51-unit permanent affordable housing site in Redwood City for extremely low-income households experiencing homelessness or at risk of homelessness; and (3) the Navigation Center, a 240-unit new construction non-congregate shelter in Redwood City with a comprehensive set of on-site services, including medical, dental, and substance abuse treatment, for people experiencing chronic homelessness, homelessness, and at risk of homelessness; and

WHEREAS, in anticipation of an expected Homekey 3 NOFA, the Department of Housing implemented a Request for Proposals for one or more non-profit co-applicants to collaborate with the County in an application for Homekey funds for the acquisition, rehabilitation and management of permanent affordable rental housing. Of the four respondents, Episcopal Community Services of San Francisco was selected to be a co-applicant with the County, based on prior experience with acquiring, rehabilitating and operating Homekey projects and decades of experience in providing comprehensive supportive services to people experiencing homelessness in San Francisco; and

WHEREAS, in anticipation of an expected Homekey 3 NOFA, taking into consideration the County's existing portfolio of non-congregate shelter sites and the concentration of prior Homekey awards in southern San Mateo County, the Department of Real Estate launched a process of site search and investigation for hotels, motels, or other eligible housing types to rehabilitate for permanent affordable rental housing and concentrated their search in northern San Mateo County. The Department of Real Estate has investigated and conducted negotiations on several sites in northern San Mateo County and is finalizing a recommendation for a specific hotel (the "Property"); and

WHEREAS, on March 24, 2023, State HCD issued a third round or Round 3 NOFA for \$736 million in Homekey funding, of which \$435 million is derived from ARPA and \$301 million is derived from the State's General Fund. The continuous Over the Counter application process will end on July 28, 2023 unless the funds are exhausted before that date. Due to the high likelihood of oversubscription, it is in the County's interest to submit an application as soon as possible. A new requirement of Round 3 Homekey funding is that the County shall name any co-applicant corporation in its Homekey 3.0 application and include a Memorandum of Understanding between the County and the co-applicant in its application for Homekey funding; and

WHEREAS, due to the shorter timeline and increased competitiveness of the Round 3 NOFA, it is in the County's interest to delegate authority to the County Executive to finalize securing site control for the Property for the County's Homekey 3.0 application so as to avoid further delays in submitting the application.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board : approves and adopts a form resolution from the State Department of Housing

and Community Development in the form shown as Attachment A, authorizing the County's application to the Homekey Program for funding in a total amount not to exceed \$35,000,000 to cover capital and operating expenses for the conversion of a hotel to permanent rental housing for people who are experiencing homelessness or chronic homelessness, or are at risk of homelessness (the "Property"); and

BE IT FURTHER RESOLVED that the Board approves and authorizes an allocation of up to \$14,850,000 in federal American Rescue Plan Act ("ARPA") funds, or other funds as determined by the County Executive, representing 1.5 times the estimated required match of local funds for the capital costs of the Property and an allocation of up to \$17,320,000 representing 1.5 times the estimated minimum required match of five years of operating subsidy provided in the form of an award of County Housing Vouchers for the Property; and

BE IT FURTHER RESOLVED that the Board authorizes and directs staff to file a notice of exemption for the Property under the California Environmental Quality Act;

BE IT FURTHER RESOLVED that the Board authorizes and directs staff to enter into a Memorandum of Understanding with a special purpose entity owned and controlled by Episcopal Community Services of San Francisco (ECS), a California nonprofit corporation, setting forth the terms and conditions under which the special purpose entity as the County's co-applicant for the Homekey award will acquire, rehabilitate, manage, operate and provide supportive services at the Property in the event the County's application for funds from the Homekey Program for the Property is approved and the County acquires the Property; and

BE IT FURTHER RESOLVED that the Board authorizes and directs the County Executive or a designee to finalize the terms of a purchase and sale agreement, option

agreement, letter of intent or other evidence of site control, including the purchase price, with the owner of the Property under which the County has the right to purchase the Property subject to the County's receipt of an award of the requested Homekey funding and other conditions determined by the County Executive to be required by Homekey funding or prudent and necessary; and

BE IT FURTHER RESOLVED that the Board authorizes and directs staff to take such further actions with the approval of the County Executive that may be necessary to complete the submission of the Homekey 3.0 application and all required attachments, including but not limited to the Verification of Acceptance, finalize any conditions imposed on the Homekey award, and complete the acquisition of the Property and its conveyance to the Special Purpose Entity if the County receives an award of Homekey funds for the Property.

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