



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 22-286

Board Meeting Date: 4/19/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: State Form Resolution Authorizing County to Apply for Homekey Program Funding from the State of California of Housing and Community Development; Authorization of Local Match Contribution

RECOMMENDATION:

Adopt a resolution:

- A) Approving and adopting a form resolution from the State Department of Housing and Community Development, authorizing the County's application to the Homekey Program for funding in a total amount not to exceed \$22,074,495 to cover capital and operating expenses for a 53-unit hotel in the City of San Mateo ("Project"); and
- B) Authorizing an allocation of up to \$10,396,410 in federal American Rescue Plan Act funds, or other funds as determined by the County Executive, as a match of local funds from the County required by the Homekey Program, in the event the County's application for funds from the Homekey Program for the Project is approved.

BACKGROUND:

Last year, in response to the COVID-19 pandemic, San Mateo County, in partnership with community-based homeless service providers, implemented new homeless shelter services in the form of hotel-based non-congregate shelter programs, to provide additional shelter capacity for vulnerable people experiencing homelessness during COVID-19 who are at risk of severe illness if they were to contract COVID-19. The State provided some funding and technical assistance related to non-congregate shelter programs via an initiative known as Project Roomkey. In San Mateo County, there were two Project Roomkey non-congregate shelter programs serving vulnerable people experiencing homelessness: the Offsite Temporary Shelter Program and Bayfront Station. In order to ensure integration with the overall homeless crisis response system and that eligible vulnerable clients were served, these programs were accessible through the County's Core Service Agencies as the coordinated entry points for homeless services.

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.

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.

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 four applications to State HCD for Homekey funding and was awarded Homekey funding for three projects, including the development of the 240-unit Navigation Center in Redwood City and the acquisition, rehabilitation and operation of a 44-unit interim shelter in San Mateo and a 51-unit permanent affordable housing development in Redwood City.

The planned use of Homekey funds recommended for acceptance is to acquire a 53-unit hotel located in San Mateo, California, to provide a highly service-enriched interim housing option to people experiencing homelessness in order to support a transition into permanent housing. The County will evaluate any property acquired with Homekey funding for the feasibility of conversion to affordable rental housing and/or permanent supportive housing.

DISCUSSION:

On September 28, 2021, by Resolution No. 078452, your Board authorized (1) the County to submit one or more applications, singly or in collaboration with a co-applicant, for Homekey funds, and (2) authorized the County Executive, or designee(s), acting in consultation with the County Attorney, to negotiate and execute on behalf of the County all appropriate agreements with the State and other forms and documents required by the State, and take any and all other actions necessary for the County to apply for Homekey funding through its Round 2 NOFA. At this time, the County intends to submit an application for a 53-unit hotel in San Mateo.

On September 30, 2021, State HCD announced that applications must include a resolution adopted by the applicant’s governing board using a form resolution developed and distributed by State HCD, which authorizes the local entity to apply for Homekey funding. Accordingly, staff is presenting to your Board a State HCD form resolution for the site the County intends to apply for Homekey Funding as identified above, which is included as Attachment A to the County resolution. The form resolution, which conforms to State HCD’s specifications, has been appropriately modified to include information

specific to the County, including the amount of Homekey funds requested for this application. State HCD recommends identifying an authorized dollar amount that is double the anticipated award since award amounts are subject to change. At this time, staff recommends requesting an amount per application that is one and a half (1.5) times the anticipated award.

Further, per Homekey Program requirements, applicants are required to demonstrate local matching contributions. These contributions are calculated by using a formula provided in the Round 2 NOFA. Based on these calculations, the County, if awarded Homekey funding, will be expected to provide a one-time local match contribution for capital expenditures as well as a local match contribution for one-year of operating subsidies. The ceilings on these local match contribution amounts reflect 1.5 times the amounts required for local match contributions because they are based on amounts that are 1.5 times each anticipated award. Accordingly, at this time, staff is requesting an allocation of local match funds of up to \$10,396,410 for the Project. If awarded Homekey funds, State HCD also requires a demonstrated commitment to a local match contribution of operating expenses for each project on an annual basis for three additional years, subject to Board authorization.

In order to fulfill State HCD requirements for Homekey funding application, staff requests that your Board (1) authorize and adopt the State HCD forms resolution, and (2) authorize a one-time local match contribution for capital expenditures and a local match contribution for one-year of operating expenses as described above.

The County Attorney has reviewed and approved the resolutions as to form.

FISCAL IMPACT:

In the event the County is awarded Homekey funds for the site, County will need to provide a local match of up to \$10,396,410 for capital expenditures and operating subsidies for the Project. The source of funds will be ARPA funds, or other funds determined by the County Executive.