



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 22-361

Board Meeting Date: 5/17/2022

Special Notice / Hearing: None
Vote Required: 4/5ths

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Subject: Accepting Homekey Program funds for Stone Villa Inn

RECOMMENDATION:

Recommendation to:

- A) Adopt a resolution accepting Homekey Program funds in the amount of \$13,081,126 for the acquisition, rehabilitation, and operation of Stone Villa Inn, a 44-unit hotel in the City of San Mateo; and
- B) Approve an Appropriation Transfer Request (ATR) in the amount of \$13,081,126 recognizing unanticipated revenue from the State of California Homekey Program to Non-Departmental Services for the acquisition, rehabilitation, and operation of Stone Villa Inn.

BACKGROUND:

In 2020, the State of California 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 the County was 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 who are 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.

On September 28, 2021, by Resolution No. 078452, your Board authorized the County to submit one or more applications for Homekey funds, and on October 5, 2021, by Resolution No. 078470, your Board authorized an allocation of local funds from the County as matching funds in the event the County's application for Stone Villa was approved. Working in collaboration, HSA, DOH, Real Property Services, the Project Development Unit, and the Department of Public Works submitted three applications to State HCD for Homekey funding in response to the Round 2 NOFA for the County Navigation Center in Redwood City, Stone Villa Inn in San Mateo, and Comfort Inn in Redwood City.

DISCUSSION:

On December 15, 2021, State HCD announced a Homekey award of \$13,511,126 for the acquisition, rehabilitation and operation of Stone Villa, which will be used as interim housing for vulnerable people experiencing homelessness, with a linkage to rapid rehousing services in order to support a transition into permanent housing or to provide service-enriched permanent affordable housing to people experiencing homelessness. The award includes a conditional bonus award of \$430,000, which will be released to the County upon meeting the full occupancy deadline by November 7, 2022.

On March 7, 2021, the County entered into a Standard Agreement with State HCD for the Homekey funds for Stone Villa.

Staff requests that the Board accept the Homekey funds award for Stone Villa in the amount of \$13,081,126 for acquisition, rehabilitation, and operating costs.

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

FISCAL IMPACT:

The Appropriation Transfer Request will recognize unanticipated revenue in the amount of \$13,081,126 in State Homekey Funds to Non-Departmental Services for the purchase, rehabilitation, and operation of Stone Villa. The County will need to provide a local match of \$4,567,674 for capital expenditures and operating subsidies for Stone Villa. The source of funds will be ARPA funds, or other funds determined by the County Executive. The allocation of the local matching funds was approved pursuant to Resolution No. 078470.