



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 23-900

Board Meeting Date: 11/7/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Authorization to Apply for Additional Available CDBG-CV2 Award from the State of California Department of Housing and Community Development

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing and directing the Director of the County of San Mateo Department of Housing (“DOH”), or designee, to submit an application to the State of California Department of Housing and Community Development (the “Department”) for additional funding under the Community Development Block Grant - Coronavirus Relief program (“CDBG- CV2”) in an amount not to exceed \$4,750,000 for improvements to a permanent affordable housing project funded under Homekey; and
- B) Authorizing and directing DOH, if DOH receives an additional award of CDBG-CV2 funds in an amount not to exceed \$4,750,000, to expend such funds only for Eligible Activities as approved by the Department and in accordance with all CDBG-CV2 requirements, CDBG-CV2 Guidelines, other applicable rules and laws and in a manner consistent and in compliance with the CDBG-CV2 Standard Subrecipient Agreement, the CDBG-CV2 Application, and other applicable contracts between DOH and the Department; and
- C) Authorizing the DOH Director, or designee, in consultation with County Attorney, to execute the CDBG-CV2 Application, the CDBG-CV2 Standard Subrecipient Agreement, any subsequent amendments or modifications thereto, and any other documents which are related to any CDBG-CV2 grant awarded to DOH as the Department may deem appropriate; and
- D) Approving and authorizing the DOH’s application for funding under the CDBG-CV2 program in the form of a separate resolution in the form required by the Department and submitted herewith and adopting such resolution.

BACKGROUND:

On July 16, 2020 the Department released a Notice Of Funding Availability (“NOFA”) for the Homekey Program (“Homekey”). Building on the success of Project Roomkey, Homekey is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness and impacted by COVID-19. Homekey presented an opportunity for local public agencies to purchase motels and a broad range of other housing types in order to increase community capacity to respond to homelessness and the COVID-19 pandemic. State HCD was authorized to provide approximately \$736 million in Homekey funding derived from the State’s direct allocation of \$435 million in federal Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA, Public Law 117-2) and \$301 million in State General Fund to assist local public agencies in the acquisition of, and provide initial operating subsidies for, Homekey sites to promote project feasibility.

With the Board’s approval, on December 3, 2020, the County acquired Shores Landing, formerly known as TownePlace Suites, a 95-unit hotel property located at 1000 Twin Dolphin Drive, Redwood City, CA 94065 (the “Property”) with the assistance of Homekey funding awarded to DOH in the amount of \$18,048,000. The Property is now the site of a project (the “Project”) which provides service-enriched permanent affordable housing for extremely low-income seniors, aged 62+, at or below 30 percent of Area Median Income, with a heightened risk for COVID-19 and who may be at risk of homelessness or previously experienced homelessness. The County has taken steps to ensure the Project is operated as permanent, affordable housing for extremely low-income seniors, age 62+ throughout the fifty-five (55) year period of affordability as documented by an affordability covenant recorded against the Property on April 14, 2021.

The CARES Act which was signed into law on March 21, 2020, provides extra Community Development Block Grant - Coronavirus Relief (“CDBG-CV”) funds specifically targeted to prevent, prepare for, and respond to COVID-19 through providing quality subsidized housing and expanding economic opportunities for low income persons. On April 21, 2021, the Department announced the availability of \$50 million of its CDBG-CV funds (“CDBG-CV2”) to support Homekey projects, located in non-entitlement or entitlement jurisdictions. Under the CDBG-CV, the County was previously granted \$4,750,000 by HCD for the rehabilitation of the Property.

On February 16, 2021, following a competitive procurement process, the County’s selection committee chose MidPen Housing Corporation and its affiliated entities (collectively, “MidPen”) as the operator and manager of the Project. With this Board’s approval, on May 18, 2021, the County and the City of Redwood City executed an MOU to facilitate the planning and coordination of the Project. MidPen is now successfully operating the Project, including the provision of services to residents so that they remain stably housed and are continuing to maintain a positive and productive relationship with the surrounding community. As of August 23, 2023, the Project is 95% occupied with the 5% vacancy representing typical wait times to place residents in the coordinated entry system for persons experiencing homelessness.

DISCUSSION:

The County Department of Housing (“DOH”) and MidPen have determined based on review of the initial year of Project operations that additional improvements are needed to the Property. The Department has offered DOH unallocated available CDBG-CV2 funds up to 20 percent of the original \$4,750,000 award to address additional improvements and rehabilitation for eligible uses that were not covered by the original grant amount under CDBG-CV. DOH and MidPen are in the process of further preparing for the Project’s and scope that would be eligible and appropriate for this funding, if awarded.

The Department requires this Board to authorize the County’s submittal of the CDBG-CV2

application for this funding. As part of the CDBG-CV2 application process, HCD also requires applicants to obtain a governing board authorizing resolution that substantially conforms to HCD's sample resolution. Therefore, in addition to the standard Board resolution authorizing the requested actions, a Board resolution approving the County's application in the form required by the HCD is also included with this Board item that: (1) is formatted in a way that differs from the standard County resolution in order to comply with the CDBG-CV2 application requirements; and which (2) must be executed contemporaneously with the standard County resolution set forth herein. The HCD resolution is entitled "A resolution approving an amendment to the 2020 community development block grant program- coronavirus response round 1 (cdbg-cv1) standard agreement to add additional funds from the 2020 community development block grant program- coronavirus response round 2 and 3 NOFA dated December 18, 2020."

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

FISCAL IMPACT:

The amount of the grant of CDBG-CV2 funds would be up to \$4,750,000, disbursed to DOH as reimbursement for eligible costs incurred for improvements to the Property. There is no Net County Cost associated with applying for this grant.