



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 24-219

Board Meeting Date: 3/26/2024

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 \$3,000,000 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 \$3,000,000, 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 require; 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 updated form required by the Department and submitted herewith as Attachment A 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, pursuant to an application authorized by this Board, the County was previously granted \$4,735,791 by the Department 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 percent occupied with the 5 percent vacancy representing typical wait times to place residents in the coordinated entry system for persons experiencing homelessness.

DISCUSSION:

Since the initial funding award, the Department indicated that there are unallocated available CDBG-CV2 funds to address for improvements and rehabilitation of the Property for eligible uses that were not covered by the original grant amount of \$4,735,791 under CDBG-CV. DOH and MidPen are in the process of further refining the scope of work 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, the Department also requires applicants to obtain a governing board authorizing resolution in a form that substantially conforms to the Department's sample resolution.

On November 7, 2023 this Board (under Resolution No. 080016) authorized DOH to submit an application for additional funding from CDBG-CV2 and adopted a version of the Department's form resolution. The Department has since requested that DOH submit an updated version of the Department's form resolution.

To address the Department's request and to perfect DOH's revised application for the needed funding, in addition to a Board resolution authorizing the requested actions in connection with the DOH's application, an updated, separate Board resolution in the form required by the Department has been revised and is included with this Board item as Attachment A. The Department's form resolution: (1) is formatted to comply with the CDBG-CV2 updated application requirements; and (2) must be executed contemporaneously with the standard County resolution authorizing DOH to submit the application and such other actions as provided therein. The Department form resolution is entitled "A resolution approving an amendment to the Standard Agreement Issued Under the 2020 Community Development Block Grant program Coronavirus Response (CDBG-CV)."

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 \$3,000,000 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.