



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 21-606

Board Meeting Date: 7/20/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

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

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing and certifying that if the County of San Mateo Department of Housing (“DOH”) receives an award from the State of California Department of Housing and Community Development (the “Department”) for funding under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act signed into law March 27, 2020 pursuant to the April 21, 2021 Housing and Community Development Coronavirus 2021 Homekey Set-Aside Application (“CDBG-CV2”) Invitation, that DOH will use such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation all rules and laws applicable to the CDBG-CV2 program as well as any and all contracts DOH may have with the Department; and
- B) Authorizing and directing DOH, if it is to receive an award of CDBG-CV2 funds in an amount not to exceed \$4,750,000, to expend funds in accordance with all applicable rules and laws; and
- C) Representing and certifying that DOH agrees to use the CDBG-CV2 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 as well as in a manner consistent and in compliance with the CDBG-CV2 Standard Subrecipient Agreement, its CDBG-CV2 Application, and other contracts between DOH and the Department; and
- D) Representing and certifying that DOH shall be subject to the terms and conditions as specified in the Standard Agreement and the CDBG-CV2 Guidelines; and
- E) Authorizing DOH Director, or designee, in consultation with County Counsel, to execute the CDBG-CV2 Application, the CDBG-CV2 Standard Subrecipient Agreement, any subsequent

amendments or modifications thereto, as well as any other documents, which are related to any CDBG-CV2 grant awarded to DOH as the Department may deem appropriate.

BACKGROUND:

On July 16, 2020 the Department released a 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 ongoing COVID-19 pandemic. Last year, State HCD was authorized to provide approximately \$550 million in Homekey funding derived from the State’s direct allocation of federal Coronavirus Relief Fund (CRF) and \$50 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 “Project”) with the assistance of Homekey funding awarded to DOH in the amount of \$18,048,000 to assist with the acquisition of the Property. The Project provides service-rich permanent affordable housing for extremely low-income seniors, aged 62+, at or below 30% 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 will 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. Eligible uses of the CDBG-CV2 funds include acquisition, rehabilitation, and off-site infrastructure construction necessary for projects to become habitable and fully operational. Applicant projects do not need to have been awarded Homekey funds to be eligible for an award, but they must have applied for funding under the Homekey NOFA.

On February 16, 2021, following the administration of a Request for Qualifications process, a selection committee chose MidPen Housing Corporation and its affiliated entities (collectively, “MidPen”) as the operator and manager of the Project. MidPen was selected because they possess the experience and skills necessary to identify and secure long-term funding for the Project, to utilize a thoughtful approach in working with the local community and neighborhood groups, and to utilize their existing network of partners to assist in the full-service operation and management of the Project, including the provision of services to residents who will need to remain stably housed and have a positive impact upon the surrounding community. Then with your Board’s approval, on May 18, 2021, between the County and the City of Redwood City executed an MOU regarding the planning and coordination of the Project. As of July 8, 2021, the Project is 76% occupied with 72 residents.

DISCUSSION:

The County Department of Housing (“DOH”) and MidPen have determined that improvements to the Property are necessary to most effectively operate the Project, and CDBG-CV2 funding is an eligible

funding source for these improvements. DOH and MidPen are currently in the process of finalizing a list of specific projects and scope.

The Department requires your Board's authorization of the County's submittal of the CDBG-CV2 application. As part of the CDBG-CV2 Application process, HCD is requiring DOH and other applicants to obtain a Governing Board Authorizing Resolution that substantially conforms to the sample resolution provided by HCD. Therefore, the accompanying standard County resolution also includes Attachment A, which is a resolution that is formatted in a way that differs from the standard County resolution and which must be executed contemporaneously with the standard County resolution set forth herein.

County Counsel has 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 needed for the Project. This is a revenue agreement so there is no Net County Cost.