



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 21-753

Board Meeting Date: 9/28/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: Authorization to apply for Homekey Program Funding from the State of California Department of Housing and Community Development through its Round 2 Notice of Funding Availability

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing the County Manager, or designee(s), to prepare and submit one or more applications, singly or in collaboration with a co-applicant, for Homekey Program funding to the State of California Department of Housing and Community Development ("State HCD") through its Round 2 Notice of Funding Availability ("NOFA"); and
- B) Authorizing the County Manager, or designee(s), acting in consultation with County Counsel, 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 Program funding from State HCD through its Round 2 NOFA

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 Housing and Community Development Department (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, the Department of Housing and Real Property Services submitted two successful applications to State HCD for Homekey funding to acquire two hotels, Pacific Inn and Towneplace Suites in 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.

DISCUSSION:

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 (CSFRF), 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.

State HCD has established a four-month priority application period from the release date of the Homekey application on September 30, 2021 through January 31, 2022. During this prioritization period, State HCD will group applications into one of eight geographic regions, each of which have been allocated a share of Homekey funds based on its proportionate share of persons experiencing homelessness as indicated by the 2019 Homeless Point-in-Time (PIT) counts plus its proportionate share of ELI renter households that are paying more than 50 percent of their income for rent. San Mateo County is grouped in the Bay Area region which includes all nine Bay Area counties. After January 31, 2022, State HCD will stop grouping applications by geographic region and instead deploy unused funds from any undersubscribed geographic region(s) to fund subsequent applications statewide until May 2, 2022 or until the available funds are exhausted. Given that applications will be accepted on a first-come, first-served basis, eligible applicants are encouraged to submit applications as soon as possible

Working in collaboration, the County Human Services Agency, Department of Housing, Real Property Services, Project Development Unit, and Department of Public Works intends to submit one or more application to State HCD for Homekey Program funding to acquire one or more motels, hotels, or other eligible housing types, as well as the new construction of dwelling units.

Planned Uses of Homekey Funds, If Awarded by HCD Through Round 2 NOFA

Staff anticipates that Homekey funds, if awarded by HCD through its Round 2 NOFA, will be used (1)

to acquire one or more hotels, motels, or other eligible housing types to continue providing shelter (also known as interim housing) to vulnerable people experiencing homelessness with a linkage to rapid rehousing services in order to support a transition into permanent housing, and (2) for the new construction of dwelling units to provide interim housing to vulnerable people experiencing homelessness with a linkage to rapid rehousing services 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.

Given that the Homekey application will be released on September 30, 2021, the four-month priority application window commences that same date, and applications will be accepted on a first come, first served basis, staff is requesting a resolution from your Board authorizing the submission of one or more County applications for Homekey funds to help ensure the County's application(s) are competitive in the Bay Area region and to increase the likelihood that the County will be awarded Homekey funding.

County Counsel has reviewed and approved the resolution as to form.

FISCAL IMPACT:

As this action only authorizes the County to apply for Homekey funding, there is no net County cost. However subsequent action by the Board to accept an award of Homekey funding by HCD through its Round 2 NOFA would likely require an as yet to-be-determined amount of matching funds, which would also require Board approval.