



Board Agenda Item 70

DATE: December 3, 2024

TO: Board of Supervisors

SUBMITTED BY: Sanja Bugay, Director, Department of Social Services

SUBJECT: Second Amendment to the Regulatory Agreement and Declaration of Restrictive Covenants with the California Department of Housing and Community Development

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute Amendment No. 2 to the Homekey Regulatory Agreement and Declaration of Restrictive Covenants for Crossroads Village.

Approval of the recommended action will authorize the Chairman to execute Amendment No. 2 to the Homekey Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement) to add Crossroads Village Fresno, LP (Crossroads) to the new ownership structure, required by the California Department of Housing and Community Development (HCD) to align with all other Homekey projects. Additionally, the recommended action will adjust the total units of Homekey from 165 to 141 units and align the term of the agreement with funding awarded for Project Homekey, to fifty-five (55) years and as required by HCD to correctly regulate and restrict the property to the appropriate number of units for the full required agreement term. Although this item pertains to a location in District 2, the item is Countywide.

ALTERNATIVE ACTION(S):

Should your Board elect not to approve the recommended action, the County and its partners will be out of compliance with the Homekey requirements and the State of California's request to align ownership across all Homekey agreements, resulting in the potential termination of the Homekey Project and its implementation. Additionally, should the recommended action not be approved, 141 permanent housing units would not be made available for individuals and families currently experiencing homelessness.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. While the recommended action is necessary to remain in compliance with Homekey, there is no monetary change to the original Regulatory Agreement.

DISCUSSION:

On July 16, 2020, HCD issued a Notice of Funding Availability for \$600 million in Homekey grant funding, to local public entities including cities, counties, and other local public entities within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings and convert them into interim or permanent long-term housing for those experiencing homelessness or at risk of homelessness.

On August 18, 2020, your Board retroactively approved the Department's joint submittal of a grant to HCD for the Homekey Program and also adopted Resolution No. 20-269 authorizing the joint application and

authorizing the Director of the Department to execute the application and documents for participation in the Homekey Program.

On October 6, 2020, your Board approved a Homekey Standard Agreement with HCD and a resolution to authorize other documents required to participate in Homekey, including the Regulatory Agreement, allowing the County and its partners to acquire, rehabilitate, and convert the Smugglers Hotel, located at the southwest corner of Blackstone and Dakota Avenue in Fresno, into Crossroads Village with 165 interim housing units. The Homekey Standard Agreement required the Regulatory Agreement, whose original declarants included Blackstone Crossroads LP, Blackstone Crossroads LLC, and UPH Crossroads LLC, to be recorded against the property for a period of 10-years for an interim-to-permanent project, for the initial phase of Homekey.

On December 13, 2022, your Board approved the first amendment to the Regulatory Agreement, which defined the relationships of the ownership structure and subrecipient of the original Homekey grant, Crossroads, who owns and operates Crossroads Village in accordance with the Homekey Standard Agreement.

The initial phase of Homekey has concluded, leading to the next phase which includes converting 165 interim housing units at Crossroads Village into 141 permanent housing units. The conversion will combine and adjust the size of select units to accommodate families, resulting in multi-bedroom units. According to the Homekey requirements, permanent housing projects must record a 55-year covenant against the property.

Approval of the recommended action will include Crossroads Village, LP as a successor to the ownership structure of the Regulatory Agreement, increase the term from ten (10) years to fifty-five (55) years to align with funding requirements, and adjust the reported units from 165 to 141 units as required by the State.

REFERENCE MATERIAL:

BAI #69, December 13, 2022
BAI #7.1, October 6, 2020
BAI #46, August 18, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment No. 2 to the Regulatory Agreement

CAO ANALYST:

Dylan McCully