



Board Agenda Item 46

DATE: August 18, 2020

TO: Board of Supervisors

SUBMITTED BY: Jean M. Rousseau, County Administrative Officer
Delfino Neira, Director, Department of Social Services

SUBJECT: Resolution and Application for Project Homekey

RECOMMENDED ACTION(S):

- 1. Retroactively authorize the Department of Social Services joint submittal with RH Community Builders of a grant to California Department of Housing and Community Development for Homekey Program to purchase, rehabilitate, and convert a hotel into long-term housing (\$13,500,000); and,**
- 2. Approve Chairman to execute resolution authorizing the joint application and authorizing the Director of the Department of Social Services to execute the application and documents for participation in the Homekey Program.**

Approval of the recommended actions will retroactively authorize the joint submittal of a grant application on August 4, 2020 with RH Community Builders to the California Department of Housing and Community Development (HCD) for Homekey Program (Homekey) funding. HCD provided for priority application submittal period to secure funding reserved on a time-limited basis for the San Joaquin Valley region. The grant will fund the purchase, rehabilitation and a portion of operating costs for permanent housing units for persons experiencing homelessness and impacted by the Coronavirus (COVID-19) pandemic. This item pertains to a location in District 2.

ALTERNATIVE ACTION(S):

There is no viable alternative action. The non-approval of the recommended actions will result in the withdrawal of the application from funding consideration.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The joint application was submitted requesting \$13.5 million for acquisition, Americans with Disabilities Act and life safety upgrades to be completed prior to the December 30, 2020 Federal Coronavirus Aid Relief Funds (CRF) expenditure deadline. Although \$13.5 million is requested, \$20 million is listed in the proposed resolution as recommended by HCD, if additional funds become available. There is no matching contribution requirement for these funds; however, housing costs are planned to be funded with rapid rehousing funds. In addition, the application includes a request for a 24-month operating subsidy. If the application is approved, the Department of Social Services will return to the Board with a Standard Agreement from HCD.

DISCUSSION:

On July 16, 2020, HCD announced the availability of approximately \$600 million of Homekey grant funding to local public entities, including cities, counties, or other local public entities, including housing authorities or Federally recognized tribal governments within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing.

Of the \$600 million in Homekey grant funds, \$550 million is derived from the State's direct allocation of the CRF, and \$50 million is derived from the State's General Fund. The \$550 million in CRF must be expended by December 30, 2020. HCD recognizes the expenditure deadline is challenging; however, it is a requirement of Federal CRF funding. As a result, HCD is providing ongoing support to assist grantees in meeting the expenditure deadline, using an accelerated application and award process.

HCD divided the state into eight regions to ensure jurisdictions have an equitable opportunity to apply for Homekey funds. The County is part of the San Joaquin Valley region, which includes the counties of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare. The region's share was calculated based on the proportionate share of the sheltered and unsheltered individuals counted in the 2019 Point-in-Time and extremely low-income renter households that are paying more than 50% of their income for rent. The region's CRF allocation is \$32,987,450 for acquisition, master leasing, conversion and relocation. The region's General Fund allocation of \$2,998,859 is intended to supplement the acquisition of, and provide initial operating subsidies for, Homekey sites to promote project feasibility.

Since July 16, 2020, County Administrative Office and Department staff have met with City of Fresno and Fresno Housing Authority staff to explore potential projects to submit within the priority application period of July 16 through August 13, 2020. The County Administrative Office, Department and RH Community Builders staff identified a project location on Blackstone Avenue and submitted a preliminary application on August 4, 2020, contingent upon your Board's authorization. Additional documents will be submitted to HCD in the upcoming weeks. The project would remain the County's responsibility through the term of the Standard Agreement.

The proposed project would result in approximately 150 units. The Department has identified rapid rehousing funds to support the units for the five-year operation required by the HCD. HCD also requires applicants to include a path to ultimate use of the site for ten years. County Administrative Office, Department and RH Community Builders staff are exploring extending the permanent housing project beyond the ten-year period as an affordable housing project.

Approval of the recommended actions will authorize submittal of the Homekey co-application with RH Community Builders seeking \$13.5 million of the region's allocation for a permanent housing project on Blackstone Avenue of approximately 150 units. Adoption of the recommended resolution will authorize joint application with RH Community Builders. If awarded, the Department will return to your Board with the Standard Agreement from HCD and the site must provide interim housing and be occupied at least 50% within 90 days of purchase, with a plan to convert to permanent housing. Interim housing funds would be identified within existing State or Federal COVID-19 allocations. If funds are awarded beyond the requested \$13.5 million, the room conversion to permanent units would be bolstered.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Resolution
On file with Clerk - Notice of Funding Opportunity
On file with Clerk - Application Sample

CAO ANALYST:

Sonia M. De La Rosa