



Board Agenda Item 47

DATE: February 25, 2025

TO: Board of Supervisors

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

SUBJECT: Correction to Amendment No. 2 of the Regulatory Agreement and Declaration of Restrictive Covenants with the California Department of Housing and Community Development

RECOMMENDED ACTION(S):

Authorize the Director of the Department of Social Services, or designee, to correct the recordation number of the original Homekey Regulatory Agreement and Declaration of Restrictive Covenants referenced on the previously approved Amendment No. 2 to the Homekey Regulatory Agreement and Declaration of Restrictive Covenants for Crossroads Village.

Approval of the recommended action will authorize the Director of the Department of Social Services (Department), or designee, to correct the referenced recordation number to the original Homekey Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement) with the California Department of Housing and Community Development (HCD) on the Regulatory Agreement Amendment No. 2, for recording purposes. 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 will be out of compliance with the Homekey requirements and HCD's request to record the document by February 28, 2025, resulting in 141 permanent housing units not being 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 requirements and the HCD's request, 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, the Board retroactively approved the Department's joint submittal of a grant to HCD for the Homekey Program and 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, the 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, the Board approved Amendment No. 1 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.

On December 3, 2024, the Board approved Amendment No. 2 to the Regulatory Agreement, amending the term of the Regulatory Agreement from ten (10) to fifty-five (55) years and adjusting the number of reported units from 165 to 141 units. Additionally, Crossroads Village, LP was included as a successor to the ownership structure of the Regulatory Agreement.

Upon approval of Amendment No. 2 of the Regulatory Agreement, a request to record the amendment was made, but denied by the Recorder's Office due to the incorrect recordation number of the original Regulatory Agreement referenced in Amendment No. 2 of the Regulatory Agreement. HCD has now requested that Amendment No. 2 to the Regulatory Agreement be recorded within thirty (30) days after renovation completion.

Approval of the recommended action will allow the Department Director, or designee, to make a correction to the referenced recordation number of the original Regulatory Agreement on Amendment No. 2 of the Regulatory Agreement, for recording purposes, allowing the County to remain in compliance with HCD's request as well as with Homekey requirements. All other signatories have been notified of the correction and agree with the change.

REFERENCE MATERIAL:

BAI #70, December 3, 2024
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