



## REPORT

**DATE ISSUED:** July 31, 2020

**REPORT NO:** HCR20-083

**ATTENTION:** Chair and Members of the San Diego Housing Commission  
For the Agenda of August 4, 2020

**SUBJECT:** Authorization to Apply for State of California Department of Housing and  
Community Development Homekey Program Grant Funds

**COUNCIL DISTRICT:** Citywide

### **REQUESTED ACTION**

Authorize and direct the San Diego Housing Commission to submit an application to the State of California Department of Housing and Community Development Homekey Program for grant funds in an amount not to exceed \$27,690,283 for each of two or more properties for acquisition and \$2,517,298 for each of two or more properties for services for two or more properties in response to a July 16, 2020, Notice of Funding Availability (NOFA) for the Homekey Program and to enter into, execute and deliver a Standard Agreement in a total amount not to exceed \$30,207,581 for each property and any and all other documents required or deemed necessary or appropriate to secure the Homekey Program funds, as more specifically set forth within the report.

### **STAFF RECOMMENDATION**

That the San Diego Housing Commission (Housing Commission) Board of Commissioners take the following actions:

- 1) Authorize and direct the Housing Commission to submit an application to the State of California Department of Housing and Community Development (Department) Homekey Program for grant funds in the amount of \$30,207,581 for each of two or more properties in response to a July 16, 2020, Notice of Funding Availability (NOFA) for the Homekey Program. That amount includes \$27,690,283 for each property for capital expenditures (as allowed under Health and Safety Code, § 50675.1.1, subd. (a)(1)-(6)) and \$2,517,298 for each property for a capitalized operating subsidy (as allowed under Health and Safety Code, § 50675.1.1, subd. (a)(7)).
- 2) Authorize and direct the Housing Commission to ensure that any funds awarded for capital expenditures are spent by December 30, 2020, and that any funds awarded for capitalized operating subsidies are spent by June 30, 2022, as more specifically set forth within the report.
- 3) Authorize and direct the Housing Commission, if the application is approved, to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$30,207,581 for each of two or more properties, any and all other documents required or deemed necessary or appropriate to secure the Homekey Program funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the "Homekey Documents"), as more specifically set forth within the report.

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The Housing Commission acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement(s).

- 4) Authorize the Housing Commission's President & Chief Executive Officer, or designee, to execute the Application and the Homekey Documents on behalf of the Housing Commission for participation in the Homekey Program.
- 5) Authorize the Housing Commission's President & CEO, or designee, to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals.

**SUMMARY**

The State of California Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA), dated July 16, 2020, for the Homekey Program, which is designed to help protect Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19. The Department has issued the NOFA for Homekey Program grant funds pursuant to Health and Safety Code section 50675.1.1 (Assembly Bill No. 83 (2019-2020 Reg. Sess.), § 21.).

The Housing Commission is requesting approval from the Housing Commission Board of Commissioners to apply for Homekey Program grant funds. Acceptance of the grant funds if awarded will be presented to the Housing Authority of the City of San Diego together with the action to approve the acquisition of the properties.

Through the Homekey Program, the Department is making \$600 million in grant funding available 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.

Homekey Program funds consist of \$550 million from federal Coronavirus Aid Relief Funds allocated to the state and \$50 million from the state's General Fund.

The Department is authorized to administer the Homekey Program pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey Program funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (Standard Agreement), and all other legal requirements of the Homekey Program; and

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**AFFORDABLE HOUSING IMPACT**

This application, if selected for funding, would increase funds available for use within the City of San Diego by \$30,207,581 for each of two or more properties for the purpose of purchasing and rehabilitating housing for individuals and families experiencing homelessness.

**FISCAL CONSIDERATIONS**

If Homekey Program funds are awarded to the Housing Commission, they were not included in the Housing Commission's Fiscal Year 2021 Housing Authority-approved budget. Approval of this action will increase Fiscal Year 2021 funding sources and uses available by \$30,207,581 million, for each of two or more properties, if the applications are approved.

Funding sources approved by this action will be as follows:

State Homekey Program Funds – up to \$30,207,581 each for two or more properties

Funding uses approved by this action will be as follows:

Property Acquisition and Services – up to \$30,207,581 each for two or more properties

**KEY STAKEHOLDERS and PROJECTED IMPACTS**

This funding opportunity would benefit individuals and families experiencing homelessness in the City of San Diego who are at high risk for serious illness and are impacted by COVID-19.

**ENVIRONMENTAL REVIEW**

The application for State funding is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(4), as it is government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The determination that this activity is not subject to CEQA, pursuant to Section 15060(c)(3), is not appealable and a Notice of Right to Appeal the Environmental Determination (NORA) is not required. Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action authorizing application for state funds.

Respectfully submitted,

*Michael Pavco*

Michael Pavco  
Senior Vice President  
Development and Asset Management  
Real Estate Division

Approved by,

*Jeff Davis*

Jeff Davis  
Executive Vice President & Chief of Staff  
San Diego Housing Commission

Attachments: 1) Draft Housing Commission Board of Commissioners Resolution

Docket materials are available on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).

SAN DIEGO HOUSING COMMISSION

RESOLUTION NO. 1870

ADOPTED ON August 4, 2020

A RESOLUTION OF THE SAN DIEGO HOUSING COMMISSION BOARD OF COMMISSIONERS, AUTHORIZING AN APPLICATION FOR STATE OF CALIFORNIA ‘HOMEKEY PROGRAM’ GRANT FUNDS, AND RELATED ACTIONS.

WHEREAS, the State of California Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (“NOFA”), dated July 16, 2020, for the Homekey Program (“Homekey” or “Homekey Program”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assembly Bill No. 83 (2019-2020 Reg. Sess.), § 21.); and

WHEREAS, the San Diego Housing Commission (“Applicant”) desires to apply for Homekey grant funds. Toward that end, Applicant is submitting an application for Homekey funds (“Application”) to the Department for review and consideration; and

WHEREAS, the Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (“Standard Agreement”), and all other legal requirements of the Homekey Program; and

WHEREAS, the Housing Authority of the City of San Diego has authorized execution of resolutions electronically during the COVID-19 pandemic; NOW, THEREFORE,

BE IT RESOLVED by the San Diego Housing Commission Board of Commissioners as follows:

1. Applicant is hereby authorized and directed to submit an Application to the Department in response to the NOFA, dated July 16, 2020, and to apply for Homekey grant funds in a total amount not to exceed \$30,207,581 for each of two or more properties. That amount includes not to exceed \$27,690,283 for each property for capital expenditures (as allowed under Health and Safety Code, § 50675.1.1, subd. (a)(1)-(6)) and up to \$2,517,298, for each property for a capitalized operating subsidy (as allowed under Health and Safety Code, § 50675.1.1, subd. (a)(7)).
2. If the Application is approved, Applicant is hereby authorized and directed to ensure that any funds awarded for capital expenditures are spent by December 30, 2020, and that any funds awarded for capitalized operating subsidies are spent by June 30, 2022.
3. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$27,690,283 for each property for capital expenditures and not to exceed \$2,517,298 for each property for capitalized operating subsidies, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the “Homekey Documents”).
4. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
5. The San Diego Housing Commission’s President & Chief Executive Officer, or designee, is authorized to execute the Application and the Homekey Documents on behalf of Applicant for participation in the Homekey Program.
6. The San Diego Housing Commission’s President & Chief Executive Officer, or designee, is authorized to execute all documents and instruments that are necessary and/or appropriate to implement these approvals, in a form approved by General Counsel, and to take such actions as are necessary and/or appropriate to implement these approvals.

Approved as to Form:

Christensen & Spath

By: \_\_\_\_\_  
Charles B. Christensen, General Counsel  
San Diego Housing Commission