



EXECUTIVE SUMMARY

HOUSING COMMISSION EXECUTIVE SUMMARY SHEET

MEETING DATE: April 25, 2022

HCR22-078

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

COUNCIL DISTRICT(S): Citywide

ORIGINATING DEPARTMENT: Real Estate

CONTACT/PHONE NUMBER: Emily S. Jacobs (619) 578-7423

REQUESTED ACTION:

Authorize and direct the San Diego Housing Commission to submit a joint application with the County of San Diego to the State of California Department of Housing and Community Development Homekey Program for grant funds in an amount not to exceed \$12,000,000 in accordance with the September 9, 2021, Notice of Funding Availability (NOFA) for the Homekey Program and to join the County of San Diego in entering into, executing, and delivering a Standard Agreement in a total amount not to exceed \$12,000,000 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.

EXECUTIVE SUMMARY OF KEY FACTORS:

- The State of California Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA), dated September 9, 2021, and amended January 14, 2022, for the Homekey Program, which is designed to sustain/expand housing for and help protect Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19.
- The San Diego Housing Commission (Housing Commission) is requesting approval from the Board of Commissioners to submit a joint application with the County of San Diego for an amount not to exceed \$12 million in Homekey Program grant funds.
- The proposed joint application by the Housing Commission and the County of San Diego, if funds are awarded, would support the development of PATH Villas El Cerrito at 5476 El Cajon Boulevard, San Diego, CA 92115, in Council District 9.
- The proposed development would consist of 40 affordable rental housing units for 17 households with income under 30 percent of San Diego's Area Median Income (AMI) and 23 households with income up to 60 percent of AMI and one manager's unit.
- The development would use prefabricated, container-based housing and would include a ground-floor health clinic operated by Family Health Centers of San Diego.
- The Housing Commission has committed 40 Project-Based Housing Vouchers to help residents pay their rent, of which five are Veterans Affairs Supportive Housing (VASH) vouchers.
- Approval of this action will increase Fiscal Year 2022 funding sources and uses available by \$12,000,000 to support the proposed new construction development, if the joint application by the Housing Commission and the County of San Diego is approved.



REPORT

DATE ISSUED: April 22, 2022

REPORT NO: HCR22-078

ATTENTION: Chair and Members of the San Diego Housing Commission
For the Agenda of April 25, 2022

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 a joint application with the County of San Diego to the State of California Department of Housing and Community Development Homekey Program for grant funds in an amount not to exceed \$12,000,000 in accordance with the September 9, 2021, Notice of Funding Availability (NOFA) for the Homekey Program and to join the County of San Diego in entering into, executing, and delivering a Standard Agreement in a total amount not to exceed \$12,000,000 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 a joint application with the County of San Diego to the State of California Department of Housing and Community Development (Department) Homekey Program for grant funds in an amount not to exceed \$12,000,000 in accordance with the September 9, 2021, Notice of Funding Availability (NOFA) for the Homekey Program.
- 2) If the application is approved and the proposed project is subsequently approved by the Housing Authority of the City of San Diego, authorize and direct the Housing Commission to join the County of San Diego in entering into, executing, and delivering a Standard Agreement in a total amount not to exceed \$12,000,000 and any and all other documents required or deemed necessary or appropriate to secure Homekey Funds from the Department, and to participate in the Homekey program, provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner in advance of approval for the designee to sign.

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

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enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

- 3) Authorize Jeff Davis, the Housing Commission's Interim 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.
- 4) Authorize the Housing Commission's Interim 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. provided that a copy of the documents, signed as to form by General Counsel, are submitted to each Housing Commissioner in advance of approval for the designee to sign.

SUMMARY

The State of California Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA), dated September 9, 2021, and amended January 14, 2022, for the Homekey Program, which is designed to sustain/expand housing for and 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 Assembly Bill No. 140 (2021-2022 Reg. Sess.) provided the statutory basis for Round 2 of the Homekey Program by adding section 50675.1.3 to the Health and Safety Code (HSC).

The Housing Commission is requesting approval from the Housing Commission Board of Commissioners to submit a joint application with the County of San Diego 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 staff-recommended actions to approve the proposed new-construction development that the Homekey Program funds would support.

Through the Homekey Program, the Department is making \$1.45 billion 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. Awarded funds may be used for acquisition or rehabilitation of hotels, apartments, or homes, including manufactured housing, to be converted into permanent or interim housing; conversion of nonresidential properties into residential units; new construction; master leasing of properties for non-congregate housing; purchase of affordability covenants and restrictions for units; relocation costs for individuals being displaced as a result of the Homekey project; and capitalized operating subsidies for units purchased, converted, constructed, or altered.

The proposed joint application by the Housing Commission and the County of San Diego, if funds are awarded, would support the development of PATH Villas El Cerrito at 5476 El Cajon Boulevard, San Diego, CA 92115, in Council District 9. The proposed development would consist of 40 affordable rental housing units for 17 households with income under 30 percent of San Diego's Area Median Income (AMI) and 23 households with income up to 60 percent of AMI and one manager's unit. A collaboration in a to-be-formed partnership among People Assisting the Homeless (PATH) Ventures, Family Health Centers of San Diego, and Bold Communities, the development would use prefabricated, container-based housing and would include a ground-floor health clinic operated by Family Health

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Centers of San Diego. The Housing Commission has committed 40 Project-Based Housing Vouchers to help residents pay their rent, of which five are Veterans Affairs Supportive Housing (VASH) vouchers. Residents would be identified through referrals from the Coordinated Entry System and would include individuals experiencing chronic homelessness with serious mental illness; veterans experiencing chronic homelessness; and families experiencing homelessness.

The proposed project aligns with the goals of the Community Action Plan on Homelessness for the City of San Diego to increase access to permanent housing solutions for people experiencing homelessness and increase access to services for people with behavioral health needs.

Homekey Program funds consist of \$1.2 billion derived from federal Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2) and \$250 million is State 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.

AFFORDABLE HOUSING IMPACT

This application, if selected for funding, would increase funds available for use within the City of San Diego by \$12,000,000 to support the development of affordable rental 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 2022 Housing Authority-approved budget. Approval of this action will increase Fiscal Year 2022 funding sources and uses available by \$12,000,000 to support the proposed new construction development of 40 affordable rental housing units for people experiencing homelessness and one manager's unit, if the joint application by the Housing Commission and the County of San Diego is approved.

Funding sources approved by this action will be as follows:
State Homekey Program Funds – up to \$12,000,000

Funding uses approved by this action will be as follows:
New construction development – up to \$12,000,000

HOUSING COMMISSION STRATEGIC PLAN

This item relates to Strategic Priority Area No. 1 and No.4 in the Housing Commission Strategic Plan for Fiscal Year (FY) 2022-2024. No.1: Increasing and Preserving Housing Solutions. No.4: Advancing Homelessness Solutions – Supporting the City of San Diego Community Action Plan on Homelessness.

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EQUAL OPPORTUNITY/ CONTRACTING/EQUITY ASSURANCE

The Housing Commission and PATH Ventures have developed a comprehensive Racial Disparity Analysis and Community Engagement plan in accordance with the Homekey Program application requirements.

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

This project is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15300.1, Relation to Ministerial Projects. Section 21080 of the Public Resources Code exempts from the application of CEQA those projects over which public agencies exercise only ministerial authority. An Environmental Assessment is being processed in accordance with the requirements of the National Environmental Policy Act (NEPA). The parties agree that the provision of federal funds as a result of this action is conditioned on the approval of the Environmental Assessment by the City of San Diego and the receipt of Authority to Use Grant Funds from the U.S. Department of Housing and Urban Development.

Respectfully submitted,

Emily Jacobs

Emily Jacobs
Executive Vice President, Real Estate
San Diego Housing Commission

Approved by,

Jeff Davis

Jeff Davis
Interim President & Chief Executive Officer
San Diego Housing Commission

Attachments: 1) Draft Housing Commission Board of Commissioners Resolution

Docket materials are available in the "Governance & Legislative Affairs" section of the San Diego Housing Commission website at www.sdhc.org.

SAN DIEGO HOUSING COMMISSION

RESOLUTION NO. HC-_____

ADOPTED ON April __, 2022

A RESOLUTION OF THE GOVERNING BODY OF THE SAN DIEGO HOUSING COMMISSION AUTHORIZING JOINT APPLICATION TO AND PARTICIPATION IN THE HOMEKEY PROGRAM**WHEREAS:**

- A. The Department of Housing and Community Development (“**Department**”) has issued a Notice of Funding Availability, dated September 9, 2021 (such document, and all amendments thereto, the “**NOFA**”), for the Homekey Program (“**Homekey**” or “**Program**”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.).
- B. The San Diego Housing Commission and The County of San Diego (“**Co-Applicant**”) desires to jointly apply for Homekey grant funds with PATH Ventures. Therefore, Co-Applicant is joining PATH Ventures a California nonprofit corporation in the submittal of an application for Homekey funds (“**Application**”) to the Department for review and consideration with respect to the property located at 5476 El Cajon Boulevard 3747 Midway Drive.
- C. 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.

THEREFORE, IT IS RESOLVED THAT:

1. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds in a total amount not to exceed **\$12,000,000**.
2. If the Application is approved, then upon subsequent formal approval of the Project by the Housing Authority of the City of San Diego (the “**Housing Authority**”), Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed **\$12,000,000**, 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**”). Formal approval by the Housing Authority is anticipated. In the unlikely event that the Housing Authority withholds or

materially conditions its approval, the Co-Applicant will immediately provide written notice to the Department of same.

3. Co-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.

4. Jeff Davis, Interim President and CEO of the San Diego Housing Commission, or designee, is authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

I certify that the foregoing actions in this Resolution were adopted by the San Diego Housing Commission Board of Commissioners at its meeting on the _____ day of April, 2022.

By: _____

Scott Marshall

Vice President, Communications and Government Relations

Passed and adopted by the San Diego Housing Commission on April __, 2022, by the following vote:

AYES: [#] NAYES: [#] ABSTAIN: [#] ABSENT: [#]