Title: (Housing Authority) Approval of Homekey Program Application and California Department of Housing and Community Development Resolution for Potential Acquisition of Motel Located at 321 Bercut Drive (District 3)

Location: 321 Bercut Drive, District 3

Recommendation: Adopt a Housing Authority Resolution authorizing the Housing Authority of the City of (Housing Authority) through its Executive Director, or Executive Director’s designee, to: 1) submit an co-application, along with Jamboree Housing Corporation, to the California Department of Housing and Community Development in the amount of up to $12,500,000 for funding under the Homekey Program; 2) execute a Standard Agreement for such funding and execute any documents necessary to participate in the Homekey Program, and any amendments thereto; and 3) amend the Housing Authority budget to receive and expend the $12,500,000 in Homekey Program funds for the acquisition, rehabilitation, and operation of a motel conversion to permanent supportive housing for the homeless.

Contact: Christine Weichert, Assistant Director, (916) 440-1353, Tyrone Roderick Williams, Deputy Executive Director, (916) 440-1316, Sacramento Housing and Redevelopment Agency

Presenter: None

Attachments:
1-Description/Analysis
2-Resolution
Description/Analysis

Issue Detail: On July 16, 2020 the State of California Department of Housing and Community Development (HCD) announced that it is making $550 million available through a Notice of Funding Availability (NOFA) for the Homekey Program. The Homekey Program will provide funding to cities, counties, and other local entities to convert motels, hotels, and other non-residential structures into permanent supportive housing for the State’s unhoused population. The Homekey Program is funded with federal Coronavirus Relief Funds (CRF) which must be spent by December 30, 2020. In addition, the State is providing $50 million in General Funds to provide initial operating subsidies under the program which must be expended by June 30, 2022. Applications under the NOFA have a priority deadline of August 13, 2020.

The Housing Authority is proposing to present a co-application with Jamboree Housing Corporation (Jamboree) that seeks funding to acquire a motel in the City and undertake the moderate rehabilitation necessary for the motel rooms to serve as permanent housing for unhoused individuals and families. One potential motel acquisition is located at 321 Bercut Drive, Sacramento. Any motel acquisition will require further due diligence before it is consummated.

The Housing Authority will seek funding from the Homekey Program to cover the cost of acquisition, rehabilitation, and a portion of operation. The Housing Authority and the developer are partnering with the County of Sacramento for an allocation of Mental Health Services Act funding for additional operating funds. The Housing Authority will commit to covering the costs, as needed, for five years of operation as required by the Homekey program.

Jamboree Housing Corporation is the co-applicant, and will purchase, acquire and operate the motel funded using Homekey Program funds. Jamboree is an affordable housing developer with 28 years of experience in residential development, including 91 developments consisting of more than 8,200 homes and an asset portfolio of $1.1 billion across California. Jamboree is the owner of the Hotel Berry in downtown Sacramento.

Policy Considerations: The Policy is consistent with the Sacramento COVID-19 Homeless Response Plan and will assist the City in meeting the 2013-2021 Housing Element goal of promoting the construction of extremely low income housing.

Economic Impacts: Not applicable.
Environmental Considerations:

California Environmental Quality Act (CEQA): Submission of the Homekey application is not a project subject to CEQA pursuant to CEQA Guidelines Section 15378. Any motel conversion project undertaken with Homekey funds will be subject to subsequent CEQA analysis prior to approving the project.

Sustainability: Not applicable.

Commission/Committee Action: Sacramento Housing and Redevelopment Commission: It is anticipated that at their October 7, 2020 meeting, the Sacramento Housing and Redevelopment Commission will approve this item. Staff will notify the Board in the event this does not occur.

Rationale for Recommendation: The number of people living unsheltered in Sacramento has increased significantly since the previous Point in Time Count.

Financial Considerations: The Homekey Program will provide the City with much-needed resources to provide housing for currently unhoused or unsheltered individuals and families. The proposal seeks approval to apply for up to $12,500,000 in funding for acquisition, rehabilitation and operation of a converted motel.

Local Business Enterprise (LBE) - M/WBE and Section 3 requirements: Not applicable.
RESOLUTION NO. 2020 –
Adopted by the Housing Authority of the City of Sacramento
On date of
A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
AUTHORIZING JOINT APPLICATION TO THE HOMEKEY PROGRAM

BACKGROUND

A. WHEREAS, The 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 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.).

B. WHEREAS, the Housing Authority of the City of Sacramento (Co-Applicant) desires to jointly apply for Homekey grant funds with Jamboree Housing Corporation. Towards that end, Co-Applicant is joining Jamboree Housing Corporation in the submittal of an application for Homekey funds (Application) for 321 Bercut Drive, Sacramento CA to the Department for review and consideration.

C. 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.

D. WHEREAS, the proposed action does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 15378(b)(4).

E. WHEREAS, the proposed action is an exempt activity under the National Environmental Policy Act pursuant to 24 Code of Federal Regulations §58.34(a)(3).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated above, are found to be true and accurate and are hereby approved and adopted.

Section 2. Co-Applicant is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, dated July 16, 2020, and to jointly apply for $10,200,000 for capital expenditures (as allowed under Health and Saf. Code, § 50675.1.1, subd. (a)(1)-(6)).
Section 3. If the Application is approved, Co-Applicant is hereby authorized and directed to ensure that any funds awarded for capital expenditures are spent by December 30, 2020.

Section 4. If the Application is approved, Co-Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed $10,200,000, 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).

Section 5. 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.

Section 5. La Shelle Dozier, Executive Director of Co-Applicant, or her designee, is authorized to execute the Application and the Homekey Documents on behalf of Co-Applicant for participation in the Homekey Program.

Section 6. If the Application for funding is approved, the Housing Authority’s budget is hereby amended to incorporate any Homekey funding up to $10,200,000 for the acquisition and rehabilitation of a motel conversion to permanent supportive housing for unhoused individuals and families.
CERTIFICATE OF THE ATTESTING OFFICER

The undersigned, ______________________ (Name of Attesting Officer) of Co-Applicant does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the Board of the Housing Authority of the City of Sacramento, California, which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

ATTEST: ______________________ (Signature of Attesting Officer)

Name (Print): ______________
Title (Print): ______________