



City of Stockton

Legislation Text

File #: 21-0908, **Version:** 1

ADOPT A RESOLUTION TO AUTHORIZE AND ALLOCATE REQUIRED FUNDING MATCH FOR THE HOUSING AUTHORITY OF SAN JOAQUIN COUNTY'S HOMEKEY PROJECT APPLICATION

RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

1. Authorize and allocate \$6,050,000 of American Rescue Plan Act of 2021 (ARPA) Funding to provide the required funding match for the Housing Authority of San Joaquin County's (HASJC) application for Homekey funding. Funding is contingent on a successful award from the State of California Department of Housing and Community Development (HCD).
2. Approve and authorize the City Manager, or designee, to enter into a Grant Agreement with the HASJC in an amount up to \$6,050,000. It is further recommended that the City Manager, or designee, be authorized to enter into and execute any associated documents and take appropriate and necessary actions to carry out the purpose and intent of this resolution.

Summary

On September 9, 2021, the State of California Department of Housing and Community Development (HCD) announced the availability of \$1.45 billion for the Homekey Program (Homekey) grant funding through its Round 2 Notice of Funding Availability (NOFA). Program funds are made available to purchase and rehabilitate housing and convert them into interim, permanent, or long-term housing. The priority application deadline for Homekey funds is January 31, 2022. Applications received before the priority deadline will be entitled to an additional \$10,000 in assistance per door.

Housing authorities are eligible to apply for the Homekey program and must comply with the local match requirement. The Housing Authority of the County of San Joaquin (HACSJ) is proposing a 68-unit hotel conversion serving chronically homeless and homeless youth populations.

Staff recommends Council approve the required match funding to ensure a competitive application.

DISCUSSION

Background

On September 9, 2021, HCD issued a NOFA for local public entities within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings to convert them into interim or permanent, long-term housing. Of the \$1.45 billion in Homekey grant funds, \$1.2 billion is derived from the Coronavirus State Fiscal Recovery Fund (CSFRF) established by the federal American Rescue Plan Act of 2021 (ARPA) and \$250 million in State General Funds.

Applications will be accepted on a continuous, over-the-counter basis through May 2, 2022, or until available funds are exhausted. The priority application deadline is January 31, 2022, and applications received by the priority deadline are entitled if approved to bonus funding of \$10,000 per door.

Homekey's primary objective is to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic.

Present Situation

HACCSJ, through its non-profit development entity, Delta Community Developers Corp., proposes to acquire the one hundred twenty-one room Motel 6 at 2654 West March Lane. The project will convert the motel property into a permanent supportive housing development of approximately 68 one-bedroom apartments.

The project will focus on two primary populations, chronically homeless youth and youth at risk of homelessness. HASJC's partner supportive service agencies will include Parents by Choice, Mary Magdalene Community Services, and Central Valley Low Income Housing Corp.

Parents by Choice (PBC) currently operates a Transitional Housing Program that is licensed by the State Department of Social Services. This program serves former foster youth, ages 18-21. PBC will expand its current youth program, and in addition to this specific population, the agency proposes to provide housing through Homekey to youth up to age 24, including youth who were not in foster care but who are at risk of homelessness. PBC provides a wide variety of case management services that includes mental health, life services, independent life skills coaching, employment and other areas.

Mary Magdalene Community Services (MMCS) has a long history of providing services to those in need of criminal justice and community services within San Joaquin County. Established in 2003 as a 501(c)3 nonprofit organization, MMCS capitalizes on its local roots and specializes in providing service in the areas of outreach and engagement, intensive case management, and linkages and referrals to services for the underserved targeted youth populations. Understanding the complexity of the community, their core service provision is "helping individuals by starting where they are." Their mission and driving philosophy which continuously directs their work within San Joaquin County is to increase client access to appropriate services to enhance individual and family well-being. This is accomplished by providing various services including: mental and behavioral health assessment and treatment, case management, peer support, group support, court advocacy, youth engagement and mentorship, benefits acquisition, and client navigation support. MMCS works with the African American community, other communities of color and the most disenfranchised populations in our community.

Central Valley Low Income Housing Corp (CVLIHC) provides ongoing tenant-based rental assistance, including deposit assistance, for households participating in its Shelter Plus Care permanent supportive housing projects. As part of that permanent supportive housing, CVLIHC provides these households with robust wraparound services. Case management ensures participant households are linked with mainstream resources including entitlement income, health insurance, clinical behavioral health care, primary health care, transportation and other resources; case management also provides direct crisis intervention and support to prevent decompensation and manage events that could lead to a loss of housing if unaddressed. Partner agencies provide clinical

services such as behavioral health care and additional supports.

Development costs are estimated to be \$373,970 per unit, amounting to a total development projected cost of \$25.4 million. The City of Stockton, upon approval, will contribute \$6,050,000 in match funding and if awarded, the State would contribute \$19.4 million. Final per door contribution from the City would be \$88,970.

At full capacity, the project will house 68 households with one unit reserved for an onsite property manager. The type of housing and target population aligns with the goals of the Homeless Strategic Plan. The per-unit cost of the 68-unit project is \$373,970, which is competitive for Homekey funding.

Upon Council approval, HASJC will be able to apply for Homekey funding. As the sole applicant, they will be responsible for delivering the project and meeting all HCD compliance requirements and deadlines.

FINANCIAL SUMMARY

If HCD awards funds to the HASJC, the City will provide the match funds in the form of a grant. Match funds from the City will only be provided to HASJC upon the successful award by HCD. Funding would be reallocated from the American Rescue Plan Act line-item Down Payment Assistance (\$5,850,000) and the Coordinated Entry System (\$200,000).

There is no impact to the City's General Fund or any other unrestricted fund as a result of taking the recommended action.