

# City of Sacramento

## Legislation Text

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File #: 2020-00881, Version: 1

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**Title:**

**Authorization of City Funding Applications Under Project Homekey with WEAVE, INC. and Saint John's Program for Real Change**

File ID: 2020-00881

**Location:** Citywide

**Recommendation:**

1) Adopt a Resolution authorizing the City, through the City Manager or City Manager's designee, to:

- a) submit a co-application with WEAVE INC. to the California Department of Housing and Community Development for up to \$1.566 million of State Project Homekey Program funding; b) authorize the expenditure of \$450,000 in matching funds if the City is awarded the requested funding; c) execute a Standard Agreement for such funding and execute any documents necessary to participate in the Homekey Program, and any amendments thereto; and d) increase the revenue and expenditure budgets by \$1.566 million in the Homeless Housing Initiative Program (I02000200) in Operating Grants (Fund 2702) for the purchase, construction, permanent placement, and operation of manufactured housing units/tiny homes to provide permanent supportive and interim housing for individuals and families who are homeless or at-risk of homelessness; and 2) adopt a Resolution authorizing the City, through its City Manager or City Manager's designee, to: a) submit a co-application with Saint John's Program for Real Change, to the California Department of Housing and Community Development for up to \$3.25 million of State Project Homekey Program funding; b) authorize the expenditure of \$1.0 million in matching funds if the City is awarded the requested funding; c) execute a Standard Agreement for such funding and execute any documents necessary to participate in the Homekey Program, and any amendments thereto; and d) increase the revenue and expenditure budgets by \$3.25 million in the Homeless Housing Initiative Program (I02000200) in Operating Grants (Fund 2702) for the purchase, construction, permanent placement, and operation of manufactured housing units/tiny homes to provide permanent supportive and interim housing for individuals and families who are homeless or at-risk of homelessness.

**Contact:** Danielle Foster, Housing Policy Manager, (916) 808-1869, City Office of Innovation and Economic Development

**Presenter:** Danielle Foster, Housing Policy Manager, (916) 808-1869, City Office of Innovation and Economic Development

**Attachments:**

- 1-Description/Analysis
- 2-Project Letter from WEAVE INC.
- 3-Resolution for Project Homekey Application- WEAVE INC.
- 4-Project Letter from Saint John's Program for Real Change
- 5-Resolution for Project Homekey Application- Saint John's Program for Real Change
- 6-Coronavirus Relief Fund Programs

## Description/Analysis

**Issue Detail:** On July 17, 2020, the State Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for their Project Homekey Program, aimed at producing housing to build on the success of the Project Roomkey Program which focused on the provision of temporary shelter for COVID high-risk homeless populations. Through this program, administered by HCD, \$600 million in grant funding will be made available to local public entities, including cities, counties, or other local public entities within California to purchase and rehabilitate housing (including hotels, motels, vacant apartment buildings, manufactured housing, and other buildings) to quickly convert them into interim or permanent, long-term housing. \$550 million of the grant funding is from the State's portion of federal Coronavirus Relief Funding (CRF) and \$50 million is from the State's General Fund. Consistent with CRF requirements, the \$550 million must be spent by end of December 2020 and the General Fund amount can be used through June 2022 and is available for operating funds.

In the initial application period from July 17, 2020, through August 13, 2020, the state has set aside \$27,409,175 in funding for the Sacramento Region. Applications submitted during this time period will be prioritized into two tiers. Tier One projects are projects that can provide housing for occupancy within 90 days of funding and all other projects are Tier Two projects. Tier Two projects will be ranked based on date stamp and overall points.

Based on direction from the August 11, 2020 City Council meeting, staff has prepared the attached resolutions in concert with applications being submitted for the following projects:

- 1) WEAVE INC. - nine manufactured housing units to be purchased using local COVID Relief Funding (CRF) and Homekey funding. The City is requesting up to \$1,566,000 for the purchase, construction, permanent placement, and operation of manufactured housing units/tiny homes to provide permanent supportive housing for individuals and families who are homeless or at-risk of homelessness. As further described in Attachment 4, these units would be served with supportive services from WEAVE.
- 2) Saint John's Program for Real Change - 20 manufactured housing and efficiency units to be purchased using local COVID Relief Funding (CRF) and Homekey funding. The City is

requesting up to \$3,250,000 for the purchase, construction, permanent placement, and operation of manufactured housing units/tiny homes to provide permanent supportive and interim housing for individuals and families who are homeless or at-risk of homelessness. As further described in Attachment 5, these units would be served with supportive services from Saint John's.

These organizations will be able to bring 29 affordable interim and permanent supportive housing units online quickly, with durability for 55 years. These units address local needs related to housing and specifically address populations at-risk of COVID-19 due to a lack of permanent shelter. These developments will serve as additional pilot projects for manufactured and efficiency housing and contribute towards the City and Housing Authority's Rehousing Plan discussed in May and other funding recommendations coming to the City Council from local COVID Relief Funding (CRF). Existing staff and services within both of these organizations will provide the support necessary for residents to be successful in transitioning through the spectrum of housing.

**Policy Considerations:** These projects will further City efforts towards providing an array of housing options to reduce homelessness in all city districts. These programs serve individuals and families who are homeless or at-risk of homelessness throughout the City. Having this expanded housing stock will assist in reducing homelessness and will provide options for individuals leaving emergency housing/shelters, including the COVID-19 shelter beds, and/or falling into homelessness.

**Economic Impacts:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The projects meet all of the requirements set forth in Health and Safety Code section 50675.1.2 and are therefore exempt from CEQA pursuant to Health and Safety Code sections 50675.1.1 and 50675.1.2.

**Sustainability:** Not applicable.

**Rationale for Recommendation:** There is a demonstrated need for these projects based on the 2019 Point in Time Count, the unsheltered individuals in the Project Homekey COVID-19 Shelter Beds needing to be rehoused, and in an effort to reduce further risks of COVID-19 exposure to the at-risk individuals being served by these projects.

**Financial Considerations:** The Homekey Program will provide the City with much-needed resources to provide housing for currently unhoused and unsheltered individuals families. The applications seek approval to apply for up to \$4,816,000 in Homekey Program funds for the purchase, construction, permanent placement, and operation of manufactured housing units/tiny homes to provide permanent supportive and interim housing for individuals and families who are

homeless or at-risk of homelessness. These applications will require \$1.45 million in CRF matching funds, \$450,000 for the WEAVE INC. project and \$1 million for the Saint John's project, but pursuing these funds will still greatly reduce city investments in these projects without the state funding.

Included in today's agenda, staff report no. 2020-00663, for the Homelessness and Rapid Re-Housing Recovery Program, recommends a funding plan of \$12.15 million which includes the previously approved allocation of \$2.15 million and an additional \$10 million of CRF funds. As a part of the recommendations in that item, \$5.6 million will be transferred to the Homeless Housing Initiative Program (I02000200) and the remaining funds to the COVID-19 Homeless Response Program (G02001700). With these transfers, there will be sufficient funds in I02000200 to cover the City's match funding obligation.

Additionally staff has requested authorization to increase the revenue and expenditure budgets in the Homeless Housing Initiative Program (I02000200) by \$4.816 million, or up to the grant award amount, for the Homekey Program with WEAVE INC. (\$1.566 million) and with Saint John's Program for Real Change (\$3.25 million) in the Operating Grants Fund (Fund 2702) if the grant applications are successful. Staff may return to Council at later date to realign budgets, if required.

To date, the City Council has approved just over \$68.7 million in CRF programs and projects, excluding other recommendations in this agenda. The CRF Programs schedule reflecting Council's allocations through August 11, 2020 is included as Attachment 6.

**Local Business Enterprise (LBE):** Not Applicable.