

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, DIRECTOR
HOUSING AND COMMUNITY SERVICES
SUBJECT: RESCINDING RESOLUTION NO. RES-2021-200 AND ADOPTING
A REVISED RESOLUTION AUTHORIZING THE SUBMITTAL OF
AN APPLICATION REQUESTING AN AMOUNT NOT TO EXCEED
\$13.29 MILLION TO THE STATE OF CALIFORNIA DEPARTMENT
OF HOUSING AND COMMUNITY DEVELOPMENT'S HOMEKEY
GRANT PROGRAM FOR THE CITY TO BE A CO-APPLICANT ON
ST. VINCENT DE PAUL COMMONS; AND AUTHORIZING THE
CITY MANAGER OR DESIGNEE TO EXECUTE THE
APPLICATION AND THE HOMEKEY DOCUMENTS

AGENDA ACTION: RESOLUTIONS

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by two resolutions: 1) rescind Resolution No. RES-2021-200, which authorized the submittal of a grant co-application to the State of California Department of Housing and Community Development Homekey grant program for St. Vincent de Paul Commons in an amount not to exceed \$7.6 million; and 2) adopt a new resolution to replace Resolution No. RES-2021-200 to authorize the submittal of a grant joint application with The Society of St. Vincent de Paul District Council of Sonoma County, Incorporated to the State of California Department of Housing and Community Development's Homekey Grant program in an amount not to exceed \$13.29 million for St. Vincent de Paul Commons; and authorizing the City Manager or designee to execute the application and Homekey Documents.

EXECUTIVE SUMMARY

The California Department of Housing and Community Development (HCD) has released a Notice of Funding Availability (NOFA) in the amount of \$1.45 billion for the Homekey Program (Homekey). Homekey is a state program, that provides funding to acquire, develop, or rehabilitate a variety of housing types for permanent or interim housing for people experiencing homelessness or those at risk of homelessness. In November 2021, Council approved two resolutions authorizing the submittal of applications for Catholic Charities' Caritas Center and St. Vincent de Paul Commons.

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PAGE 2 OF 4

The development of the application for St. Vincent de Paul Commons revealed the need for a substantially larger grant request than originally identified to rehabilitate the site and establish adequate operating reserve funds for the property. The application amount has increased from \$7.6 million to \$13.29 million to address the rehabilitation of the site and establish operating reserves.

BACKGROUND

On September 9, 2021, HCD released the Homekey Program Notice of Funding Availability, Round 2 (NOFA) for approximately \$1.45 billion; Homekey Guidelines require applications to be submitted by cities, counties, tribal entities, or other government organizations, and allows for joint applications from government organizations with a nonprofit or for-profit organization as the co-applicant. The City of Santa Rosa (City) proceeded with developing two joint applications with two non-profit organizations as the co-applicants, both of which were authorized by Council on November 16, 2021.

The Caritas Center application of \$11.36 million, seeking funding to assist 40 units in the new homeless services facility, was submitted on December 8, 2021, as approved by Council resolution Res-2021-199; the application is currently being reviewed for approval by HCD.

The St. Vincent de Paul Commons application is a 51-unit rehabilitation and conversion of the former Gold Coin motel. As City and St. Vincent de Paul staff worked with HCD's technical assistance provider, it was determined that St. Vincent de Paul needed to submit a larger rehabilitation request and was eligible for bonus award funds from HCD. The additional funding is needed to address increased project costs, fund construction contingencies, establish operating and replacement reserves, and provide adequate resources to complete and lease up the project.

If awarded funds, the City, as well as the co-applicant, St. Vincent de Paul, will be required to enter into a Standard Agreement with HCD.

PRIOR CITY COUNCIL REVIEW

St. Vincent de Paul Commons has not required review or approval by the City Council and has received ministerial approval.

On November 16, 2021, Council approved RES-2021-200 authorizing the submittal of an application in an amount to exceed \$7.6 million for St. Vincent de Paul Commons.

ANALYSIS

Development of the Homekey application and consultation with the State of California's Homekey Technical Assistance provider revealed that the original application amount did not incorporate bonus funding that the project may be eligible for, nor did it anticipate or incorporate rising construction costs. The additional funding that is included in the updated application over the November 2021 application amount will address increased construction costs that have been identified by St. Vincent de Paul and their development team. Increasing the not to exceed amount of the grant application allows the project to pursue enough funding to complete the rehabilitation of the project, establish adequate operating and replacement reserves and provide for the ongoing financial stability of a site that will provide 51 units of housing for homeless individuals, which includes one on-site manager unit. Projects awarded funding will be required to expend capital funds within 8 months of award, complete construction or rehabilitation of the units within 12 months of award and obtain occupancy within approximately 15 months of award.

Authorization for the City Manager or designee to execute the application and all other documents required or deemed necessary or appropriate to secure the Homekey funds from HCD and to participate in the Homekey Program, and all amendments thereto was previously approved in Resolution No. RES-2021-200. This authorization must be included in the replacing resolution to designate a single authorizing signor for the program.

The St. Vincent de Paul Commons project will assist the City in meeting the following goals of addressing homelessness; and meet housing needs – converting a former motel into 51 housing units.

St. Vincent de Paul Commons, formerly known as the Gold Coin Motel, located at 2400 Mendocino Avenue, was acquired by St. Vincent de Paul in 2019 to be rehabilitated as housing units for individuals experiencing homelessness. St. Vincent de Paul has obtained Zoning Clearance to repurpose the site from a motel to permanent housing; Building permits have been submitted and are ready for issuance.

FISCAL IMPACT

Approval of a revised resolution for the grant application does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that

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PAGE 4 OF 4

there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Draft HCD Standard Agreement attachments
- Resolution No. 1 (Repeal of RES-2021-200)
- Resolution No. 2 (Revised Resolution)

CONTACT

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