



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

VACANT
Fourth District

JIM DESMOND
Fifth District

DATE: May 23, 2023

25

TO: Board of Supervisors

SUBJECT

AUTHORIZE MEMORANDUM OF AGREEMENT BETWEEN THE COUNTY OF SAN DIEGO AND THE SAN DIEGO HOUSING COMMISSION FOR COLLABORATIVE EFFORTS TO ADDRESS THE HOUSING SHORTAGE – HOMEKEY ROUND 3 AND RESERVE FUNDS FOR UP TO FOUR PARTNERSHIP DEVELOPMENTS (DISTRICTS: ALL)

OVERVIEW

On March 29, 2023, the California Department of Housing and Community Development announced the availability of the third round of Homekey program funds to sustain and rapidly expand the inventory of housing for people experiencing homelessness or at risk of homelessness. Homekey is a statewide effort to rapidly sustain and expand housing opportunities for persons experiencing or at risk of homelessness and impacted by COVID-19.

The Homekey program provides an opportunity for regional and local public entities to develop permanent supportive housing using various housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing. Eligible applicants are cities, counties, or other Local Public Agencies, who may apply independently or jointly with a for-profit or non-profit developer.

In partnership, the San Diego Housing Commission (SDHC), City of San Diego (City), and County of San Diego (County) Health and Human Services Agency will expand on prior efforts to ensure the \$34,345,268 in Homekey funding allocated by the State, for the San Diego region, is secured and leveraged to provide additional housing resources to the most vulnerable members of our community.

Today's actions request the San Diego County Board of Supervisors (Board) find that the proposed actions are exempt from CEQA; authorize the Agency Director, Health and Human Services Agency or designee, to negotiate and enter into a Memorandum of Agreement with SDHC; authorize up to \$32,000,000 in combined American Rescue Plan Act (ARPA) and Behavioral Health Impact Fund (BHIF) funding to be reserved for the County's capital contribution for up to four Homekey partnership developments with SDHC; and authorize the Agency Director, Health

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and Human Services Agency or designee, to execute loan documents for up to \$32,000,000 to support Homekey partnership developments. Additionally, today's actions request the Board to authorize the Director, Department of Purchasing and Contracting, to issue competitive solicitations for behavioral health supportive services within up to four designated developments, contingent upon receipt of HCD Homekey Round 3 funding.

This item supports the County's vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished by ensuring residents experiencing homelessness have access to suitable living environments.

In addition, this item supports the five strategic domains of the County's Framework for Ending Homelessness, including upstream prevention strategies, diversion and mitigation services, treatment and outreach, emergency shelter, and permanent housing. This will be accomplished by ensuring low-income persons experiencing or at risk of homelessness have access to suitable living environments, as well as enhancing their quality of life by creating decent and safe affordable housing, coupled with supportive services.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find in accordance with Section 15060(c)(3) of the California Environmental Quality Act (CEQA) Guidelines, that the actions described herein are administrative in nature and not a project as defined by the state CEQA Guidelines Section 15378.
2. Authorize the Agency Director, Health and Human Services Agency or designee, to enter, upon successful negotiations, into a Memorandum of Agreement with the San Diego Housing Commission (SDHC) related to developments awarded through California Department of Housing and Community Development (HCD) Homekey Round 3 funding.
3. Authorize up to \$32,000,000 in combined American Rescue Plan Act (ARPA) (\$24,500,000) and Behavioral Health Impact Fund (BHIF) (\$7,500,000) funding to be reserved for SDHC, or a to-be-formed limited partnership, or limited partnerships for the acquisition and rehabilitation of up to four developments. Reservation of funds is contingent upon completion of appraisal review, financial feasibility review, and SDHC's award of funding through the HCD's Homekey Round 3 application process. ARPA funding would be redirected from the COVID-19 Response portion of the ARPA Framework based on projected spending in alignment with current need. If HCD funds are not awarded, the reservation of County funds is void.
4. Authorize the Agency Director, Health and Human Services Agency or designee, to upon successful appraisal review, underwriting, and financial feasibility review, execute any and all documents related to capital loans for up to \$32,000,000 to up to four Homekey developments with SDHC, or a to-be-formed limited partnership, or

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limited partnerships, and perform any actions in furtherance of or necessary to administer or implement the Homekey loans.

5. In accordance with Section 401, Article XXIII of the County Administrative Code, authorize the Director, Department of Purchasing and Contracting, to issue competitive solicitations for behavioral health supportive services, inclusive of outreach, engagement to tenants, light case management, and clinical case management within up to four designated developments, contingent upon receipt of HCD Homekey Round 3 funding, and upon successful negotiations and determination of a fair and reasonable price, award contracts for an Initial Term of up to one year, with four 1-year Options, and up to an additional six months, if needed; and to amend the contracts to reflect changes in program, funding or service requirements, subject to the availability of funds and the approval of the Agency Director, Health and Human Services Agency.

EQUITY IMPACT STATEMENT

In the 2022 Point-in-Time Count, 8,427 individuals were identified as living on the streets or in shelters throughout the county. Of those who were unsheltered, 15% were identified as chronically homeless and 25% were 55 years or older. The County of San Diego (County) is committed to finding equitable solutions to prevent and end homelessness by providing preventative and supportive services and permanent supportive housing. The Homekey program allows the County to expeditiously utilize a key funding resource that was established to meet the needs of historically underserved populations, specifically persons experiencing homelessness or at risk of homelessness.

The Homekey program is funded through California Department of Housing and Community Development and continues a statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness, and who are, thereby, inherently impacted by COVID-19 and other communicable diseases. It is anticipated that the recommended actions will provide needed housing and supports to residents who are disproportionality represented in the homeless system, including justice-involved individuals and individuals with a range of health and social needs, as well as Black, Indigenous and People of Color. Homekey is an opportunity for the County to increase permanent supportive housing options for of the most vulnerable populations, providing not just housing, but ensuring that resources for supportive service are made available to the residents.

SUSTAINABILITY IMPACT STATEMENT

Today’s proposed actions support the County of San Diego’s Sustainability Goal #2 to provide just and equitable access by ensuring affordable housing developments are restricted to individuals and families experiencing homelessness and chronic homelessness by cultivating strong relationships with other local governmental entities and community partners, thereby allowing a symbolic relationship that has, at its core, a mutual, mission-driven goal to serve the communities that have been disproportionately impacted by poverty.

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FISCAL IMPACT

Recommendation 1

There is no fiscal impact with this recommendation. There will be no change in net General Fund costs and no additional staff years.

Recommendations 2-4

Funds for this request are included in the Fiscal Year (FY) 2022-23 Operational Plan for the County of San Diego (County) Health and Human Services Agency. If approved, this request will result in reservation of up to \$32,000,000 for SDHC in FY 2022-23. The funding sources are American Rescue Plan Act (ARPA) (\$24,500,000) and Behavioral Health Impact Fund (BHIF) (\$7,500,000) funding. Reservation of funds is contingent upon completion of appraisal review, financial feasibility review, and San Diego Housing Commission’s award of funding through California Department of Housing and Community Development’s (HCD) Homekey Round 3 application process. If HCD funds are not awarded, the reservation of County funds is void. There will be no change in net General Fund costs and no additional staff years.

Recommendation 5

Funds for this request are included in the Fiscal Year (FY) 2023-25 CAO Recommended Operational Plan Change Letter for the Health and Human Services Agency. If approved, this request will result in estimated costs and revenues of up to \$4,600,000 beginning in FY 2024-25. The funding source is Realignment and federal Short-Doyle Medi-Cal. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

This proposal will have a positive impact on the business community, since the recommended actions will result in construction work to be performed at properties that are awarded funding. Contracts resulting from these recommendations may be executed with private sector firms and will involve a competitive bidding process. Developments with funding awards are estimated to be completed within the next 12 to 18 months.

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The California Department of Housing and Community Development (HCD) announced the availability of the third round of Homekey program funds. Homekey is a statewide effort to rapidly sustain and expand housing opportunities for persons experiencing or at risk of homelessness and impacted by COVID-19.

The Homekey program provides an opportunity for regional and local public entities to develop permanent supportive housing using various housing types, including but not limited to hotels,

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motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing.

Eligible applicants are cities, counties, or other Local Public Agencies, who may apply independently or jointly with a for-profit or non-profit corporation. In order to ensure the required development and operations experience thresholds are met, today's request would allow the County of San Diego (County) to continue partnership efforts with the City of San Diego (City) and San Diego Housing Commission (SDHC), expanding on prior efforts to ensure Homekey funding in the amount of \$34,345,268 available for the San Diego region is secured and leveraged to provide additional housing resources to some of the of most vulnerable members of our community.

In this third round, the Homekey program application is an over-the-counter process starting on April 24, 2023, and closing July 28, 2023, or when all available funds are awarded. The Homekey program has very rigid timeframes and requires successful applicants to expend the Homekey funds within eight months of award and complete the development within twelve months of award. If Homekey operating funds are awarded, in addition to funding for construction, all operating funding must be expended no later than June 30, 2026.

In the 2022 Point-in-Time Count, 8,427 individuals were identified as living on the streets or in shelters throughout the county. Of those who were unsheltered, 15% were identified as chronically homeless and 25% were 55 years or older. The County is committed to finding equitable solutions to prevent and end homelessness by providing preventative and supportive services and permanent supportive housing.

Through this collaborative effort, the County may participate as a lender in a maximum of four Homekey partnerships with the City and SDHC. SDHC, as the applicant, will submit an application or applications to HCD for the request of Homekey program funding. If SDHC is successful in securing HCD funding, the County may provide up to \$32,000,000 to contribute to the capital costs of acquiring and renovating the properties. County capital funding is contingent upon a due diligence review, including an internal appraisal review, financial feasibility review, and SDHC successfully securing HCD Homekey funds. Additionally, the County will coordinate provision of supportive services to be provided to support up to four developments, to serve individuals experiencing chronic homelessness and who have behavioral health conditions. Services will be provided for a minimum of five years at up to four Homekey partnership properties awarded HCD funding in Homekey Round 3. SDHC, as the applicant for Homekey Round 3 funding, is required to demonstrate having a minimum five-year commitment of operating funding as a part of the application. Upon San Diego County Board of Supervisors (Board) approval, all terms of the County's involvement will be memorialized in the Memorandum of Agreement with SDHC.

This item supports the five strategic domains of the County's Framework for Ending Homelessness, including upstream prevention strategies, diversion and mitigation services,

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treatment and outreach, emergency shelter, and permanent housing. This will be accomplished by ensuring low-income persons experiencing or at risk of homelessness have access to suitable living environments, as well as enhancing their quality of life by creating decent and safe affordable housing, coupled with supportive services.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's actions support the County of San Diego's (County) 2023-2028 Strategic Plan Initiatives of Sustainability (Economy and Resiliency), Equity (Housing and Economic Opportunity), and Community (Engagement, Quality of Life, and Partnership) by supporting community development and housing that reflect value areas identified by the San Diego County Board of Supervisors, such as developing safe and affordable housing for low-income households; providing community infrastructure in historically underserved communities and for individuals with limited mobility; and improving the housing and service delivery system for individuals at-risk of homelessness through community engagement and collaborative solutions.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Interim Chief Administrative Officer

ATTACHMENT(S)

N/A