



# **City Council Meeting**

**Item #3 (21-933)**

**Study Session on the California Department of Housing and Community Development's (HCD) Project HomeKey**

**July 13, 2021**



# Overview

## BACKGROUND

- In July 2020, HCD announced the Project HomeKey Program
- \$600 million to purchase and rehab housing, including hotels, motels, vacant apartment buildings, and convert them into interim housing
- The purpose of the program was to expand housing options for homeless persons who are at high-risk for serious illness
- By December 2020, Project HomeKey had resulted in the acquisition of 94 projects, representing 6,000 units of housing for individuals experiencing homelessness



# Overview

## DISCUSSION

- In January of 2021, the Governor's proposed FY21-22 budget included another \$750 million allocation for Project Homekey 2.0
- Funding and Program Guidelines have yet to be approved; however, approval and a new call for applications is expected this Fall
- Study Session will provide an overview of Project HomeKey 1.0, focusing on a case study of the LifeMoves Mountain View project
- Staff is also seeking input on the City Council's potential interest for the City of Santa Clara to possibly participate in Project Homekey 2.0



# Project HomeKey 1.0

## OVERVIEW

- Grant amounts: \$600 million total; \$91 million Bay Area (July 2020)
- Grant Funds must be expended by December 30, 2020
- Applicants: Cities, counties, or any other Local Public Entity (partner with housing development sponsor)
- Target Population: Households experiencing or at risk of homelessness and impacted by COVID19.
- Priority: Housing projects that can be occupied 90 days from the time the property is acquired



# Project HomeKey 1.0

## TIMELINE

- Key Dates from 2020:
  - Priority application period: July 16th – August 13th
  - Final applications due: September 29th
  - Final Awards: October 2020
  - Close of Escrow: December 2020
- Grant Amounts:
  - Capital: \$100k-\$200k per door; Operating: \$1k per month per door



# Project HomeKey 1.0

## STRENGTHS

- SPEED (6 months, awards expended by December 30, 2020)
- COST EFFICIENCY (\$125 - \$150k per unit)
- SUBSIDY: All Projects can request up to \$100K per door; \$200k max
- LAND USE STREAMLINING
- INTERIM HOUSING SOLUTION
- VARIETY OF ELIGIBLE USES



# Project HomeKey 1.0

## CHALLENGES

- LOCATION / PROJECT SITING
- TIMING
- COMMUNITY ENGAGEMENT
- NO REVENUE SOURCES
- OPERATING COSTS
- UNCLEAR LONG-TERM PLAN



# Next Steps

## LifeMoves Mountain View...

- Case Study: 2566 Leghorn St. in Mountain View
- City Council feedback on potential interest for the City of Santa Clara
- Draft Resolution for Joint Application to HomeKey 2.0
- Wait for HomeKey 2.0 Program Approval / Guidelines
- Evaluate Developer proposals (Non-Exclusive)
- Community Engagement
- Source Funding for Operations





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