

RESOLUTION NO. 2021-74

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH DIRECTING COLLABORATION WITH THE COUNTY OF ORANGE AND AMERICAN FAMILY HOUSING AND NATIONAL CORE TO SUBMIT AN APPLICATION FOR HOMEKEY PROGRAM GRANT FUNDING; FINDING THE PROJECT EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND DIRECTING STAFF TO FILE A NOTICE OF EXEMPTION; CONDITIONALLY APPROVING COMMITTING THE USE OF \$4.21 MILLION TOWARD THE PROJECT AND AUTHORIZING THE CITY MANAGER, TO TAKE ACTIONS NECESSARY TO SECURE HOMEKEY PROJECT GRANT FUNDS.

WHEREAS, on September 9, 2021, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (Round 2) for Project Homekey ("Homekey") in the amount of \$1.45 billion to sustain and rapidly expand the inventory of housing for people experiencing homelessness or are at-risk of homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases; and

WHEREAS, the purpose of Homekey is to provide an opportunity for state, regional, and local public entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to permanent supportive housing or interim housing; and

WHEREAS, Homekey funds will be available to eligible applicants on a continuous, first come, first served, over-the-counter basis; and

WHEREAS, The City of Huntington Beach ("City") desires to collaborate with American Family Housing and National CORE (collectively, the "Developer") and the County of Orange ("County") to submit an application for the Homekey program grant funding for the acquisition, rehabilitation and conversion of the motel located at 17251 Beach Boulevard, Huntington Beach (the "Project"); and

WHEREAS, the estimated total Project costs for acquisition, rehabilitation, conversion and operations of the Project for years one through five are \$24.78 million, of which \$16.27 million will consist of acquisition and rehabilitation costs with the balance of \$8.51 million consisting of operating costs for five years; and

WHEREAS, the City contribution to the proposed Project would be \$4.21 million consisting of \$2.40 million of Low and Moderate Income Housing Asset Fund (LMIHAF) for acquisition, rehabilitation, and conversion of the rooms into supportive housing units, and approximately \$1.81 million of HOME Investment Partnerships-American Rescue Plan Act (HOME-ARP) funds the fifth year of operating costs; and

WHEREAS, pending appropriate approvals, Orange County Healthcare Agency's Office of Care Coordination ("County CoC") will contribute \$4.92 million of the \$8.51 million in operating funds needed; and

WHEREAS, the County, and Developer as co-applicant, will apply to HCD for an award of Homekey Funds in the amount of \$15.66 million for the Project; and

WHEREAS, as part of the Project Homekey program, an evaluation of potential relocation of permanent tenants, if any, will be conducted; and

WHEREAS, funding commitments are required to ensure the Homekey application is complete and competitive.

NOW, THEREFORE, the City Council of the City of Huntington Beach, DOES HEREBY RESOLVE as follows:

Section 1. The foregoing recitals are true and correct and incorporated herein by this reference.

Section 2. The City Council hereby finds and determines that the Project is exempt from the California Environmental Quality Act (CEQA) pursuant to AB 140 (2021) (the "Homekey Program") and Sections 50675.1.3 and Section 50675.1.4 of the Health and Safety Code and directs staff to file a Notice of Exemption.

Section 3. The City Council hereby approves the conditional funding of the proposed Project in the amount of \$4.21 million consisting of \$2.40 million in LMIHAF matching funds and \$1.81 million in HOME-ARP funding based upon the following conditions precedent:

- a) Developer or County's successful acquisition of the proposed Project site;
- b) Receipt of sufficient County CoC funding, or another non-City funding source, to cover years one through four of operating costs associated with the proposed Project in the amount of \$4.92 million; and
- c) HCD award of Homekey funding in the amount of \$15.66 million.

Section 4. If one or more of the conditions outlined in Section 2. above are not met then the proposed Project funding, consisting of LMIHAF and HOME-ARP funds, will remain in their respective City fund accounts for use on other future eligible activities as determined by the City Council and the proposed Project will not move forward.

Section 5. In the event that relocation of permanent residents is required as part of the Project, the Director of Community Development is delegated the authority to evaluate and approve any Relocation Plan and associated documents with approval as to form by the City Attorney.

Section 6. The City Manager, or designee, is delegated the authority to take any and all actions necessary to secure Homekey Program grant funds, including but not limited to executing a local match funding commitment letter.

Section 7. This resolution shall take effect immediately upon its adoption.


PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a special meeting held on the 1<sup>st</sup> day of December, 2021.

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Mayor

REVIEWED AND APPROVED:

\_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney *WV*

INITIATED AND APPROVED:

  
\_\_\_\_\_  
Director of Community Development