



DATE: December 1, 2020

CATEGORY: Consent

DEPT.: Community Development
City Manager's Office

TITLE: **Project Homekey Additional Funding for Capital Costs from State Housing and Community Development (HCD)**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View to Amend Resolution No. 18490, a Resolution Authorizing Joint Application to the Project Homekey Program, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

On August 13, 2020, the City submitted a joint application with LifeMoves in response to the California Department of Housing and Community Development (HCD) Notice of Funding Availability for the State's Project Homekey program. The joint application included a request for \$12.35 million (composed of \$9.95 million for capital costs and \$2.4 million for a portion of the first two years of operating costs). This grant funding was proposed to facilitate the rapid deployment of 100 manufactured/modular units at 2566 Leghorn Street to provide interim housing opportunities for homeless seniors and families in the City of Mountain View.

On August 25, 2020, Council adopted a resolution authorizing submittal of the joint application, and, on September 8, 2020, the City committed \$2.4 million to support project operations. The City's funding commitment is based on the future community benefits payment to the City from the Google Landings Project. On September 21, 2020, HCD announced a full funding commitment of \$12.35 million as requested for the project. On October 13, 2020, Council approved an additional \$350,000 under a Capital Improvement Program (CIP) project to cover the City's fees associated with the permit process.

An interdepartmental team composed of staff in the City Manager's Office, Community Development Department, Fire Department, Public Works Department, and the City Attorney's Office have closely coordinated with LifeMoves and their partner, Sares Regis,

on this project given the compressed timeline due to State requirements associated with the grant funding.

ANALYSIS

As the project moves forward, capital costs have exceeded LifeMoves' estimated budget. On November 12, 2020, HCD notified the City and LifeMoves that they will be awarding an additional \$2 million in funding for capital and construction costs. The initial capital grant funds of \$9.95 million have been disbursed by HCD to LifeMoves, and, per HCD requirements, all capital grant funds (including the initial \$9.95 million award as well as the additional \$2 million) must be expended by the end of the calendar year. LifeMoves has confirmed they are on track to meet this deadline.

According to the project's Notice of Funding Availability (NOFA) requirements, the City Council and the Board of LiveMoves must adopt a resolution authorizing receipt of the additional funds prior to HCD's disbursement of those funds. HCD has provided guidance to amend the resolution to allow for flexibility should additional State capital grant funds become available for disbursement. LifeMoves' construction budget is currently estimated at \$15.6 million, and, per HCD guidance, they have amended the capital grant fund amount to not exceed \$16 million. Including the \$2.4 million capitalized operating subsidy, this brings the total not-to-exceed amount to \$18.4 million. LifeMoves' Board approved the updated resolution on November 18, 2020.

Staff recommends Council adopt a resolution to amend the previously adopted resolution authorizing joint application to the Project Homekey Program to increase the capital grant funds not to exceed \$16 million, for a total not to exceed \$18.4 million. This would allow for receipt of the additional \$2 million in grant funds awarded as well as any additional funds subsequently awarded should funding become available up to the application total. The additional funds would be disbursed to LifeMoves as with the initial funding award.

FISCAL IMPACT

There is no direct fiscal impact to the City. The additional funding would be awarded by HCD to LifeMoves.

ALTERNATIVES

1. Do not amend the resolution.
2. Provide other direction to staff.

PUBLIC NOTICING – Agenda posting.

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Attachment: 1. Resolution Amending Resolution No. 18490