



DATE: October 13, 2020

CATEGORY: Consent

DEPT.: Community Development
and Public Works

TITLE: **Project Homekey Midyear Capital
Improvement Project**

RECOMMENDATION

Approve a midyear Capital Improvement Project, Project Homekey, and transfer and appropriate \$350,000 from the General Housing Fund to the new project. (Five votes required)

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) in grant funding to facilitate the rapid deployment of manufactured/modular housing 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. Note that the State requires that projects have sufficient funding for the first five years of operations. The City's funding commitment is based on the future community benefits payment to the City from the Google Landings Project. It is currently projected that the community benefits payment may be received by the City and applied towards Project Homekey between Year 3 and Year 5 of the project, given the timing of the Google Landings Project to pull building permits. However, the pandemic has impacted the economy, and staff will need to monitor the progress of the Landings project and community benefits payment.

On September 21, 2020, HCD announced full funding commitment of \$12.35 million as requested for the project.

Staff has been working closely with LifeMoves since the application submittal, given the very short time frame of the Project Homekey requirements. As the lead applicant, the City's primary role is to process the building permit for this development. LifeMoves will be the site operator, and LifeMoves has partnered with Sares Regis, who is leading the development of the site. LifeMoves and Sares Regis have requested that City fees associated with the building permit process be waived to facilitate the financial viability of the project.

ANALYSIS

Staff analyzed the request for fee waivers. There are several different fees involved with this type of development project, including building and excavation permits, upsized water and sewer services, and transportation impact fees. To ensure equal treatment and compliance with Proposition 26, fees must be applied consistently to all permit applicants, so the fees for this project cannot be waived. This is consistent with the City's own capital projects, where the project's budget pays for all required City permits, including building permits.

However, the City can further contribute to Project Homekey (in addition to the initial \$2.4 million commitment toward program operations noted above) by absorbing the cost of the City's fees. In addition to these fees, there may also be other incidental, one-time City costs associated with the rapid deployment of Project Homekey. Staff estimates that City fees associated with the permit process and other potential costs will total approximately \$350,000. Currently, the General Housing Fund has \$350,000 to cover this amount, and facilitating developments like Project Homekey is an eligible use of the funds. Staff recommends creating a capital improvement program (CIP) project for Project Homekey and transferring \$350,000 from the General Housing Fund to the CIP project to pay for these costs.

FISCAL IMPACT

The estimated City cost for the proposed Project Homekey CIP project is \$350,000. This would fully allocate the current balance in the General Housing Fund. The General Housing Fund is replenished annually from the Measure P Business License Tax and other sources.

ALTERNATIVES

1. Do not approve the Project Homekey midyear CIP project.
2. Provide other direction to staff.

PUBLIC NOTICING – Agenda posting.

Prepared by:

Wayne Chen
Assistant Community Development
Director

Dawn S. Cameron
Public Works Director

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Audrey Seymour Ramberg
Assistant City Manager/
Chief Operating Officer

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