



COUNCIL REPORT

DATE: June 27, 2023
CATEGORY: Consent
DEPT.: Community Development
TITLE: **Updated Resolution for LifeMoves CDBG Homekey Activities**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Amending City of Mountain View Resolution No. 18596, Which Approved an Application for Funding and the Execution of a Grant Agreement from the 2020 Community Development Block Grant Program—Coronavirus Response and/or the 2020-2021 Funding Year of the State CDBG Program, to Provide Flexibility in the Allocation of the Grant Funds Between the Two Activities Approved for Funding by the California Department of Housing and Community Development, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

In 2020, the California Department of Housing and Community Development (HCD) awarded funding to the City through the first round of HCD’s Homekey Program (Homekey), and with that funding, LifeMoves developed 100 units of interim housing at 2566 Leghorn Street (hereinafter “LifeMoves Mountain View project” or “interim housing project”). The LifeMoves Mountain View project was completed in May 2021 and provides much-needed housing and services to unsheltered persons and to those vulnerable to the pandemic.

In April 2021, the State released its Community Development Block Grant (CDBG) Homekey Program to provide funding for projects that had applied for round one of the Homekey Program funds. The CDBG Homekey Program was established under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020 using CDBG—Coronavirus Response funds. In June 2021, LifeMoves contacted the City regarding two potential activities for CDBG Homekey funding to support the interim housing project:

1. Acquire and improve the 0.5-acre site located at 1950 Leghorn Street (also 1950 Leghorn in this report) to provide additional nearby parking for the interim housing project. The City’s Zoning Code would have ordinarily required approximately 49 parking spaces for the 100 units of interim housing at 2566 Leghorn Street, the site could only include 19 spaces, and this is the number of spaces that was approved as stipulated by Homekey Project

requirements. To provide additional needed parking for the tenants and staff and to prevent impacts on adjacent uses that could be caused by overflow parking, LifeMoves leased a parking site approximately 1.6 miles away in the North Bayshore Area of Mountain View and operated a shuttle service to the off-site parking. The off-site parking and shuttle service concluded at the end of 2022. The intent was to use CDBG Homekey funding to develop the 1950 Leghorn site to provide additional parking that would benefit up to 45 households (estimated 50 persons) at the interim housing project (i.e., up to 45 parking spaces at 1950 Leghorn Street).

2. Install a solar power system for the interim housing to enhance environmental sustainability and lower operating costs. This will allow LifeMoves to generate more sustainable power at the site and to have back-up power in case of power outages. Additionally, the solar power system would decrease operating costs and increase the financial and environmental sustainability of the site. All residents in the interim housing (100 households, estimated 124 persons at any given time) would benefit from this activity.

On August 24, 2021, Council adopted an HCD-required resolution to submit an application to the CDBG Homekey Program requesting \$5 million in funding for the parking and solar panel activities. At that time, the parking lot acquisition and site improvements were estimated to cost \$4 million, and the procurement and installation of the solar panel system were estimated to cost \$1 million; and these estimates were included in the original Resolution No. 18596 (see Attachment 2 for the staff report and Attachment 3 for Resolution No. 18596). The staff report noted that any additional costs to complete both projects would be secured by LifeMoves, with no City funding in either project.

The City worked closely with LifeMoves to complete the application, which was submitted on August 30, 2021. The application noted that the parking project would be completed first, and the remaining funds would be determined subsequently for the solar project, with adjustments to the scope and scale of the solar project as needed. (See Attachment 4 for the application.) In November 2021, HCD awarded the City the full \$5 million.

The CDBG Homekey Program is a reimbursement program. This means that LifeMoves pays for the costs upfront to undertake the activities and submits invoices to the City; then the City submits the documentation to the State and LifeMoves receives reimbursements after the invoices are approved. The original expenditure deadline for the funding was June 25, 2023 and a project completion deadline of June 25, 2025. The expenditure deadline was recently extended to March 31, 2025. The project completion deadline did not change.

During 2022, City and LifeMoves staff, in coordination with HCD, worked together to implement the parking and solar panel activities in accordance with State and Federal requirements, including:

- Execution of the State Standard Agreement (between HCD and City).
- Completion of the acquisition of 1950 Leghorn Street in October 2022 (LifeMoves).
- Initiation of the bid process in February 2023 to procure a contractor to purchase and install a solar panel system at the interim housing project (LifeMoves).
- Developing a bid process to procure a civil engineer and general contractor to implement required site improvements for 1950 Leghorn Street to be used for parking to support the interim housing project (LifeMoves).
- In progress—Developing the agreement for the City to pass through the CDBG Homekey funding to LifeMoves (City and LifeMoves).

ANALYSIS

Solar Panel Activity

Toward the end of 2022, LifeMoves notified the City that the original estimate of \$1 million for the solar panel system had increased significantly. Additionally, the cost of energy has been high and has also increased since the opening of the interim housing project. As a result, LifeMoves wishes to reallocate the \$5 million in Homekey grant funds between the two activities to allow for more of the grant funds to be used to complete the solar panel system in order to reduce operating costs at the interim housing project.

Parking Lot Improvements

As a result of the significantly increased costs for the solar panel activity, the cost to complete both the solar panel and parking activities as originally envisioned is expected to exceed the \$5 million CDBG Homekey award. Consequently, LifeMoves seeks to scale down the 1950 Leghorn site improvements to decrease the cost of the parking activity and allow for more funding to be used for the solar panel activity.

As originally proposed in the grant application, the 1950 Leghorn site parking improvements were intended to benefit up to 45 households (approximately 50 people). However, at a recent meeting with HCD staff, HCD confirmed that minimal improvements providing just two or three parking spaces at 1950 Leghorn site would be sufficient to meet the CDBG Homekey

requirements¹. Therefore, while LifeMoves has stated it will endeavor to improve the site with as many parking spaces as possible, current cost estimates for both projects suggest that it is likely the scope of the 1950 Leghorn site improvements will have to be reduced to provide only the minimum number of required parking spaces (two or three, per HCD) so that enough grant funds remain available to complete the solar panel activity.

LifeMoves has indicated that they have not received complaints from adjacent businesses about spillover parking and that providing some additional parking would still help operations at the interim housing project, and a reduced scope of work for the 1950 Leghorn site improvements would be more feasible. The City and LifeMoves will confirm the minimum number of parking spaces needed to meet the CDBG Homekey requirements and will seek HCD approval of the site improvement project before the work begins. Even if HCD confirms that fewer than three parking spaces are needed to meet CDBG Homekey requirements, staff recommends that the City require LifeMoves to improve 1950 Leghorn site with at least three parking spaces.

Finally, it is important to note that even with a substantially reduced scope for the 1950 Leghorn site improvement activity, it is possible that the total cost for the parking and solar panel activities will still exceed the \$5 million CDBG Homekey grant award and, therefore, completion of both activities will be impossible without additional funding. As such, the funding agreement between the City and LifeMoves will include provisions minimizing any potential risk to the City in the event that both activities cannot be completed and HCD requires the return of all grant funds allocated to the uncompleted activity.

Staff has been informed that HCD may release additional funding to support CDBG Homekey activities, such as LifeMoves parking and solar panel activities. In the event that additional funding becomes available and it is determined that the City and LifeMoves should apply for the additional funding, staff will return to Council to seek all necessary authority to do so.

Resolution

Under HCD's advisement, staff recommends that Council adopt the resolution authorizing reallocation of the CDBG Homekey grants funds between the two activities as necessary to allow for completion of both activities (see Attachment 1) in light of the fact that the budget for each activity has changed since adoption of the original resolution (see Attachment 3).

¹ If the 1950 Leghorn site improvements fail to meet CDBG Homekey requirements, HCD will require all grant funding allocated to the site improvements, including the approximately \$3.2 million used to purchase the site, to be returned to HCD. Therefore, compliance with CDBG Homekey requirements is imperative.

Next Steps

If Council adopts the resolution, the City will finalize and execute a funding agreement with LifeMoves. The agreement will include updated timelines/milestones for the parking and solar panel activities and provisions minimizing any potential risk to the City in the event that HCD requires the return of grant funds. This will allow the City to pass through CDBG Homekey funding from the State and reimburse LifeMoves for approved costs. As noted, CDBG Homekey funds must be expended by March 31, 2025 or be returned to the State. Council has already authorized (during its August 24, 2021 meeting) the City Manager or designee to negotiate and execute an agreement, including any amendments thereto, with LifeMoves to effectuate the grant funding if awarded.

FISCAL IMPACT

There is no fiscal impact to the General Fund with the adoption of this resolution. There is no City funding as part of the CDBG Homekey activities.

ALTERNATIVES

1. Do not adopt this updated resolution.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

Prepared by:

Wayne Chen
Assistant Community Development Director

Approved by:

Aarti Shrivastava
Assistant City Manager/Community
Development Director

Audrey Seymour Ramberg
Assistant City Manager

WC/1/CAM
821-06-27-23CR
203240

- Attachments:
1. Updated Resolution
 2. Council Report Dated August 24, 2021
 3. Resolution No. 18596—Authorization for City to Apply to CDBG Homekey Program
 4. CDBG Homekey Funding Application Dated August 30, 2021