

COOPERATING AGREEMENT FOR HOMEKEY ROUND 3 PROJECT

THIS COOPERATING AGREEMENT (“Agreement”) is between the City of San Luis Obispo (“City”) and People’s Self- Help Housing, a 501(c)(3) Corporation (“PSHH”). PSHH, is referred to as “Developer.” City and PSHH are sometimes individually referred to as a “Party” and collectively as the “Parties.” This Agreement will be effective as of the last date the Agreement is signed by all Parties (“Effective Date”).

RECITALS

A. In response to the spread of COVID-19 in the State of California, Governor Newsom secured Federal Emergency Management Agency (FEMA) approval for “Project Roomkey”, a state-wide initiative with the intention of securing thousands of motel rooms to provide non-congregate shelter for extremely vulnerable individuals experiencing homelessness to help keep susceptible, homeless persons safe, flatten the curve, and preserve hospital capacity.

B. On June 15, 2020, the state of California passed a budget that included \$550 million for the purpose of rapidly expanding the inventory of housing available to homeless persons currently served by Project Roomkey and subsequently launched the Homekey Program.

C. Following on the success of the 2020 Homekey Program, the State’s FY 2022-23 budget included funds for Homekey Round 3 administered by the Department of Housing and Community Development (“HCD”).

D. On March 29, 2023, The California Department of Housing and Community Development (HCD) announced the notice of funding availability (NOFA) of approximately \$736 million in Round 3 Homekey funds to sustain and rapidly expand the inventory of housing for people experiencing homelessness or at risk of homelessness and who are, thereby, inherently impacted by or at increased risk for medical disease or conditions due to the COVID-19 pandemic or other communicable diseases. The estimated Homekey funds for the Central coast geographic allocation was \$22,657,376.

E. On July 24, 2023, the City adopted a resolution authorizing the submittal of a joint application for Homekey Round 3 grant program funds in conjunction with PSHH, a developer who is experienced in affordable housing development and in providing housing assistance to those experiencing homelessness, for the proposed acquisition, rehabilitation and conversion of 87-unit Motel 6 located at 1433 Calle Joaquin San Luis Obispo, CA (“Project”).

F. On December 19, 2023, and revised January 18, 2024, HCD provided the City and Developer a Homekey Round 3 conditional award for the Calle Joaquin Homekey project (Contract No. 23-HK-18089) consisting of a capital award of \$17,414,328 and operating award of \$1,943,942.

G. On January 22, 2024, the City and Developer, as co-applicants, executed the conditional award for Homekey Round 3 funding.

H. To support the joint application for Homekey Round 3 program funding, the Developer agreed to undertake the following activities:

1. Negotiate directly with property owner(s) and effectuating the purchase of the

real property located at 1433 Calle Joaquin San Luis Obispo, CA (“Project Site”);

2. Assist the City in obtaining state funding made available for the purpose of acquiring the Project Site and applying for all other necessary Project financing;
3. Prepare and carry out a scope of work necessary to convert the Project Site into housing that meets the criteria of Health and Safety Code section 50675.1.4 and to create safe and habitable living spaces for up to 75 tenants who are homeless or at-risk of homelessness; and,
4. Own, manage and operate the site as housing in compliance with the requirements of the Homekey Round 3 Program and consistent with Health and Safety Code section 50675.1.4.

I. To support the joint application for Homekey Round 3 program funding, and maximize the investment of, Homekey Round 3 funds from the State, the City provided a local match contribution of \$400,000 from the City’s Affordable Housing Fund for the acquisition and rehabilitation of the Project site; and the City initiated the review process required to obtain environmental clearance pursuant to the National Policy Environmental Act (NEPA).

NOW, THEREFORE, in consideration of the recitals and mutual covenants and conditions contained in this Agreement, incorporated herein, the Parties agree as follows:

1. Term.

1.1 The term of this Agreement will be from the date of execution until completion of the tasks stated herein (the “Term.”) This agreement shall be construed to be consistent with the Standard Agreement, which will be drafted by The Department of Housing and Community Development. The Standard Agreement will be entered under the authority and in furtherance of the Homekey Round 3 Program (“Agreement”). The Agreement shall be executed by the City of San Luis Obispo and People’s Self-Help Housing, as co-grantees. The Agreement will incorporate by reference the representations and descriptions included in the Homekey Round 3 application.

2. Project Development Tasks.

2.1 During the Term, the Developer’s responsibilities, with the cooperation from City staff, include the followings tasks:

- a) Negotiate with property owner(s) and effectuate the purchase of the Project Site;
- b) Define a development schedule, including Project(s) milestones;
- c) Undertake all such environmental review required by the National Environmental Policy Act, as applicable, and acquire all use entitlements and/or permit approvals to place the Project Site in a condition ready for development and construction of the Project.
- d) Identify and obtain required funding sources for the Project.
- e) Assist the City in obtaining state funding made available for the purpose of acquiring the Project Site utilizing Homekey Round 3 funds and to apply for all other necessary Project financing;
- f) Prepare and carry out a scope of renovation work necessary to create housing for individuals and families who are experiencing homelessness or who are at-risk of

- homelessness that meets the criteria of Health and Safety Code section 50675.1.4;
- g) Implement all the requirements of Health and Safety Code section 50675.1.4 for the Project to be statutorily exempt from the California Environmental Quality Act; and
- h) At the conclusion of the tasks defined above, PSHH shall own, manage and operate the property throughout the required affordability periods pursuant to Homekey Program requirements and Health and Safety Code section 50675 *et seq.*, which shall be no fewer than 55 years.

2.2 During the Term, the City will be a cooperative partner as the Lead Applicant for Homekey application funds. The City's primary tasks will include:

- a) Obtain approvals required to apply for and receive Homekey program funding including execution of the Standard Agreement with HCD.
- b) Authorize and execute documents for required local match contribution.
- c) Acting as Responsible Entity, take actions necessary to obtain National Environmental Protection Act (NEPA) clearance.
- d) Participate in project meetings to stay abreast of project development activities and to facilitate communication as appropriate.

3. Developer Status.

3.1 Project Managers. The Project Manager for Developer will be PSHH.

3.2 Non-Assignability. With the exception of Developer-formed special purpose entity for ownership and or future low-income housing tax credit investment, Developer will not assign this Agreement or any portion thereof to a third party without the prior written consent of City, and any attempted assignment without such prior written consent will be null and void and will be cause, at City's sole and absolute discretion, for immediate termination of this Agreement.

3.3 Additional Financing. Development of the Project is a critical component of the City's efforts towards addressing homelessness and facilitating safe housing for those experiencing or at risk of experiencing homelessness. Delays in development caused by Developer's financial default will impede these efforts. In acknowledgment of this, Developer agrees that it will not pursue any debt funding or take any other action which would inure to any third party a financial interest in the Project without the City's express written consent in advance thereof.

4. Indemnification.

4.1 Indemnity. Each Party to this Agreement shall defend, indemnify, and hold harmless the other Party, and their governing bodies, officials, officers, employees, and agents ("Indemnified Parties") from and against all claims, suits, actions, losses, and liability of every kind (collectively, "Liability"), arising out of, connected with or resulting from the indemnifying Party's negligence or willful misconduct in carrying out its respective obligations under this Agreement, except to the extent such Liability is caused by the negligence or willful misconduct of an Indemnified Party. This indemnification section shall survive termination of the Agreement.

5. Miscellaneous.

5.1 Notices. Formal notices, demands, and communications between City and Developer must be given either by (i) personal service, (ii) delivery by reputable overnight document delivery service that provides a receipt showing date and time of delivery, or (iii) or by U.S. first class certified mail, return receipt requested, addressed to:

To City: City Executive Office
Attn: Timmi Tway, Community Development
Director
(805) 781-7187
ttway@slocity.org

To Developer: Peoples' Self-Help Housing
Attn: Ken Trigueiro, CEO & President
(805) 540-2453
kennetht@pshhc.org

People's Self-Help Housing
Attn: Veronica Garcia, Chief Real Estate Development Officer 805.651.3592
veronicag@pshh.org

Notices will be deemed effective upon receipt. Such written notices, demands, and communications will be sent in the same manner to such other addresses as any party may from time to time designate by mail.

5.2 Interpretation and Governing Law. The terms of this Agreement will be construed in accordance with the meaning of the language used and will not be construed for or against any party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The section headings are for purposes of convenience only and will not be construed to limit or extend the meaning of this Agreement. Any action arising out of this Agreement shall be brought in the Superior Court of San Luis Obispo County, California. The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the Parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

5.3 Amendments. Any alteration, change, or modification of or to this Agreement must be in writing and signed by authorized representatives on behalf of each of the Parties. Substantial amendments to this Agreement may be subject to the approval of the City Council of San Luis Obispo. The City's Community Development Director or designee is authorized to execute amendments to this Agreement on behalf of the City.

5.4 Counterparts. This Agreement may be executed in counterparts, each of which, after all the Parties hereto have signed this Agreement, will be deemed to be an original, and such counterparts will constitute one and the same instrument.

5.5 Independent Status. As co-applicants to the Homekey Project, PSHH and the City are and shall at all times remain independent entities. The personnel performing the Services under this Agreement on behalf of each Party shall at all times be under their respective Party's exclusive direction and control. Neither Party nor any of their officers, employees, or agents shall have control over the conduct of the other Party or any of their officers, employees, or agents, except as set forth in this Agreement. Neither Party shall incur nor have the power to incur any debt, obligation, or liability whatsoever against the other, or bind the other in any manner.

5.6 Confidentiality. Developer acknowledge and agree that the City is a public entity with a responsibility and, in many cases, a legal obligation to conduct its business in a manner open and available to the public. Accordingly, any information provided by Developer to City with respect to the Project Site, the Project or Developer may be disclosed to the public either purposely, inadvertently, or as a result of a public demand, request or order.

5.6 Time is of the Essence. Time is of the essence for each of Developers' obligations under this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

THE UNDERSIGNED AUTHORIZED REPRESENTATIVES of City of San Luis Obispo and People's Self-Help Housing have executed this Agreement as set forth below:

CITY OF SAN LUIS OBISPO

By: _____,
Derek Johnson, City Manager

Date: _____

PEOPLE'S SELF-HELP HOUSING

By:  _____
Ken Trigueiro, President and CEO

Date: 4/4/2024 | 12:31 PM PDT