

## **RESOLUTION NO. 11439 (2023 SERIES)**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, AUTHORIZING JOINT APPLICATION TO, AND PARTICIPATION IN, THE HOMEKEY PROGRAM FOR THE CALLE JOAQUIN HOMEKEY PROJECT**

**WHEREAS**, the California Department of Housing and Community Development (“Department”) has issued a Notice of Funding Availability, dated March 29, 2023 (“NOFA”), for the Homekey Program (“Homekey” or “Program”). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.3 (Assembly. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); and

**WHEREAS**, The City of San Luis Obispo (“The City”) desires to jointly apply for Homekey grant funds with People’s Self-Help Housing Corporation (“Co-Applicant 1”), Calle Joaquin Homekey LLC (“Co-Applicant 2”), and Calle Joaquin LP (“Co-Applicant 3”). Therefore, The City is joining Corporation in the submittal of an application for Homekey funds (“Application”) to the Department for review and consideration of the Calle Joaquin Homekey Project located at 1433 Calle Joaquin; and

**WHEREAS**, The Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code. Homekey funding allocations are subject to the terms and conditions of the NOFA, the Application, the Department-approved STD 213, Standard Agreement (“Standard Agreement”), and all other legal requirements of the Homekey Program; and

**WHEREAS**, Housing Element policies and programs encourage and support the construction of new affordable housing in the City; and

**WHEREAS**, on July 24, 2023, the Council of the City of San Luis Obispo authorized the joint application to, and participation in, the Homekey program by adoption of Resolution No. 11329 (2023 Series).

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Luis Obispo to amend Resolution No. 11439 (2023 Series) and authorize the joint application to, and participation in, the Homekey program as follows:

**SECTION 1. Recitals.** The recitals set forth above are hereby adopted as additional findings of the City in adopting the policies herein.

**SECTION 2. Environmental Review.** As provided by Health and Safety Code section 50675.1. the guidelines allow for exemption of certain Round 3 Homekey Projects from the California Environmental Quality Act (CEQA). Evaluation of potential environmental impacts in accordance with CEQA will occur if during the application submittal or funding award it is determined that the project is not exempt per HSC section 50675.1.4.

**SECTION 3. Findings.** The City Council, after consideration of the Homekey Program and staff recommendations, makes the following findings:

1. The City Manager or their designee is hereby authorized and directed to submit a joint Application to the Department in response to the NOFA, and to jointly apply for Homekey grant funds for an anticipated project cost not to exceed \$22,000,000. Per the Homekey grant provisions, it is recommended to identify an authorized dollar amount that is at least double the anticipated award. In line with available funding allocation for the Central Coast Geographical Area, the total authorized amount shall not exceed \$22,000,000.
2. If the Application is approved, the City Manager or their designee is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$22,000,000, any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from the Department and to participate in the Homekey Program, and all amendments thereto (collectively, the “Homekey Documents”).
3. The City acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
4. The City Manager of the City of San Luis Obispo, or their designee, is authorized to execute the Application and the Homekey Documents on behalf of the City for participation in the Homekey Program and to execute such other documents and take such other actions consistent with the purposes of the grant as necessary to accept and comply with grant requirements and implement the project.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Findings.** The City Council does hereby make the following findings in support of the proposed \$400,000 AHF award:

1. **Eligibility:** Use of the AHF for the requested purpose will increase or improve the City’s affordable housing inventory and promote General Plan policies regarding housing, as follows:

The Calle Joaquin Homekey Project will enable an increase to the City’s affordable housing inventory specifically for permanent supportive housing and implements several General Plan policies regarding housing. The project will

increase the supply of affordable housing for extremely low, very low, and low income households with the conversion of 87 motel units to 50-75 permanent supportive housing units and associated supportive services.

2. **Need:** There exists a substantial or overarching need for the type of unit to be assisted, as follows:

Housing needs in general are growing along the coastal areas, particularly for lower income households, which is exacerbating the Homelessness crisis. San Luis Obispo will benefit greatly from the Calle Joaquin Homekey Project development because it specifically provides critical permanent supportive housing units called for in both the City's Homelessness Response Strategic Plan and the County of San Luis Obispo Countywide Plan to Address Homelessness.

3. **Suitability:** The project to be assisted is appropriate for its location both in terms of land use and design, as follows:

The Calle Joaquin Homekey Project is appropriately suited for this location, both in terms of land use, adjacent bus routes, and proximity to services along Los Osos Valley Road, Madonna Road, South Higuera and Prado Road and will accommodate full-time on-site supportive services, management, and oversight.

4. **Timing:** The project would better serve the City's needs if it were built immediately as opposed to later, as follows:

The Calle Joaquin Homekey Project will be permitted and motel rooms converted and occupied within 15 months as allowed for and intended by the state Homekey Grant program to rapidly expand the inventory of housing for people experiencing homelessness or at risk of homelessness at the specified location.

5. **Financial Effectiveness:** But for the requested funding, the project would not be economically feasible; or AHF funding "leverages" significant additional funding from other sources, as follows:

This is a highly effective use of the City's Affordable Housing Funds , in the amount of \$400,000, as it will leverage additional funding sources as they demonstrate local support and commitment to the development. These funding sources include the Homekey Grant Round 3 award for an anticipated project cost of \$21,528,657; County of San Luis Obispo funding commitment in the amount of \$2.6 million; Private Foundation funding in the amount of \$800,000; \$150,000 Wells Fargo Homekey Accelerator funding; and \$164,329 Deferred Developer Fee. Project financial feasibility is dependent upon the City's Affordable Housing Funds.

6. **Readiness:** The project is ready to proceed, as follows:

Per Homekey Guidelines and City Zoning regulations, the proposed Calle Joaquin Homekey Project will not require discretionary approvals. Upon the award of a City Affordable Housing Fund award, PSHHC will be eligible to apply for additional public funding programs and other private activity bond financing. Should the project receive the Homekey Round 3 Grant award, construction will start immediately with occupancy 15 months from award.

Upon motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote:

AYES:

NOES:

ABSENT:

The foregoing resolution was adopted this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington,  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick,  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington,  
City Clerk