



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Community Services  
**Department No.:** 057  
**For Agenda Of:** July 18, 2023  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors

**FROM:** Department George Chapjian, Community Services Director (805)568-2485  
Director(s)  
Contact Info: Kimberlee Albers, Homelessness Assistance Program Manager  
(805)560-1090

**SUBJECT:** 2023 Homekey Program Application for District 1

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Risk Management**

As to form: Yes

**Recommended Actions: That the Board of Supervisors:**

- A) Authorize the Community Services Director or designee to submit to the State of California Department of Housing and Community Development (State HCD) a grant application for the 2023 Homekey Program in an amount not to exceed \$3,100,000 for the acquisition of 2011 Oak Avenue, Santa Barbara, CA 93101 (Property), including all certifications, standard forms, and other related documents (Application);
- B) Adopt a Resolution authorizing the Application and participation in the Homekey Program, and the acceptance and administration of Homekey funds (Attachment 2);
- C) Approve a reservation of up to \$915,000 in funds made available by the Coronavirus Aid, Relief and Economic Security Act (CARES), or other available local, State or federal funds that have been allocated to the County, which will serve as capital matching funds required under the Homekey program for the acquisition of the Property by the Turner Foundation, and authorize the Community Services Director to execute a Reservation Letter (Attachment 1); and
- D) Determine that the recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Section 50675.1.4, finding that the proposed "Homekey" project is to provide housing for individuals and families who are experiencing homelessness. and that the project satisfies the requirements described more fully in Section 50675.1.4.

**Summary Text:**

This Board Letter is before the Board because the Turner Foundation requested that the County satisfy CEQA requirements and provide local capital match as required for submitting a Homekey application to purchase the Property (Project). The Project would provide 8 permanent housing units for youth who are homeless or at-risk of homelessness. The Community Action Plan to Address Homelessness identifies the need for 835 permanent supportive housing units. The Turner Foundation is applying for competitive State of California Department of Housing and Community Development (State HCD) Homekey funds to help finance acquisition and rehabilitation of the Property. A key consideration by the State for the award of Homekey funding is a local funding match.

If the application for approximately \$3,100,00 in State Homekey grant funds is awarded, the County may provide \$475,500 in one-time matching funds for capital costs. These funds are not to exceed \$915,000 of CARES funds previously set aside by the Board of Supervisors on July 14, 2020, for supporting vulnerable populations including unsheltered individuals during COVID-19 Recovery. The Turner Foundation must also provide reasonable assurance to the State of matching contributions to cover operations and service costs for five (5) years. The Homekey application would provide an estimated \$403,000 in operations funding per year for two years. The remaining operations and service costs for the first five (5) years will be funded with tenant and Section 8 rents; no additional operations and services subsidy is required for the first five-years. The recommended actions do not commit the County to ongoing funding support for the Project thereafter.

According to Project Homekey program guidelines, the local funding match requirement can be evidenced in the application by a letter demonstrating the intent to commit funds to the Project. The attached reservation letter evidences intent to commit funds, but is non-binding; if the Homekey application is awarded, the County will need to commit matching funds by approving funding agreements with the Turner Foundation. The City of Santa Barbara will consider contributing approximately \$475,500 towards the Project.

**Background:**

AB 140 (2021) provided the statutory basis for Homekey Round 3, which is administered by State HCD. The State has made available approximately \$736 million in Homekey funding. Homekey provides a significant statewide effort to sustain and expand housing for persons experiencing homelessness or at risk of homelessness. Of the \$736 million in Homekey funding, \$435 million is from the State's allocation of the federal ARPA Coronavirus State Fiscal Recovery Fund, and \$301 million is from the State General Fund. Projects receiving an award from the State's direct allocation of ARPA funds must expend such funds within eight months of the date of award. The portion of a project's award derived from the State General Fund must be expended by June 30, 2026. The Notice of Funding Availability for Homekey Round 3 was released on March 29, 2023. To date, applicants in Santa Barbara County have been awarded over \$28 million in Homekey funds through the following three projects:

- Homekey Studios, Lompoc (\$3.12 million)
- Hedges House of Hope, Isla Vista (\$6.99 million)
- Buena Terra, Goleta (\$18.35 million)

To help ensure equitable distribution of Homekey funds throughout the State, the State created eight regions, with Santa Barbara County falling into the Central Coast region, along with Monterey, San Benito, San Luis Obispo, and Santa Cruz counties. Using a formula that considers a 2022 Point-In-Time

count, and the number of severely rent-burdened households, the Central Coast region has an estimated allocation of \$22.6 million in Homekey funds. Other set-asides were established for Homeless Youth and Tribal Entities. State HCD opened an application portal on April 24, 2023, and awards will be made on a continuous, over-the-counter basis, with a final application due date of July 28, 2023, or until funds are exhausted (whichever occurs first). Eligible applicants are cities, counties, cities and counties, Local Public Entities such as housing authorities, councils of government or tribal entities. The application allows for governmental entities to apply independently or jointly with a nonprofit or for-profit corporation as a co-applicant.

The Homekey application evaluates and scores the following criteria for projects qualified for award, including evidence of site control and suitability for development (20 points); rental or operating subsidies (40 points); experience and coordination (40 points); community impact and site selection (76 points); and relocation impacts (-20 points). Projects must score a minimum of 100 points to receive an award of Homekey funds.

**Santa Barbara Project**

The Property is an 8-unit, two-story property near Mission Street on the Westside. If funded, the Project will provide permanent supportive housing for transitional age youth. Attachment 2 is a Board resolution (Resolution) authorizing the submission of the Turner Foundation’s State HCD Homekey grant funding application for the Project, with the County listed as co-applicant. The Property would be owned by the Turner Foundation of the purchase and sale agreement, and State HCD Homekey funds would be awarded directly to the Turner Foundation. The Application must identify potential funding sources to provide a reasonable assurance of matching contributions to cover operations and services for five (5) years. Because of application funding variables, the resolution reflects a Homekey grant application request not to exceed \$3.1 million. The Resolution further specifies that the Community Services Department Director, or designee, is authorized to execute the Application and the Homekey documents on behalf of the County as co-applicant.

The State Homekey grant NOFA includes a formula for applicants to estimate a potential State award amount and local match requirements based on the number of interior doors in a property. The estimated grant amount is based on 8 residential units, or “doors”. The Homekey grant, if awarded, would provide an estimated total operating subsidy of up to \$403,000 per year.

**Fiscal and Facilities Impacts:**

Budgeted: No. Staff will return with a Budget Revision request with the actual grant award amount, if application is successful.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State	\$ 3,100,000		\$ 3,100,000
Federal	\$ 915,000		\$ 915,000
Fees			
Other:			
Total	\$ 4,015,000.00		\$ 4,015,000.00

Narrative: If the application for approximately \$3,100,00 in State Homekey grant funds is awarded, this Board Letter authorizes up to \$915,000 in one-time matching funds for capital costs. The City of Santa Barbara is anticipated to contribute \$457,500 in match funding, making the County's match \$475,500 as well.

**Key Contract Risks:**

If the State awards Homekey funds, the Turner Foundation will be required to sign and record regulatory agreements to operate the Project as supportive housing for the target population of youth experiencing homelessness or at risk of homelessness for a period of at least 55 years, or risk being required to repay the Homekey funds to the State, plus penalties.

All entities in the Grantee structure (including the County) shall be bound by the Homekey Program Requirements, and shall remain jointly and severally liable to State HCD for performance under the Standard Agreement and for compliance with all Homekey Program Requirements. To mitigate this risk, the County would require that the Turner Foundation execute and record a deed of trust against the Property in favor of the County, and has requested first priority, senior lien position with respect to other liens to be recorded against the Property.

The State will conduct ongoing monitoring to assure that the Property is being administered in accordance with the Homekey Program. The State will enter into a Standard Agreement with the Turner Foundation.

**Staffing Impacts:**

**Legal Positions:**

**FTEs:**

No new staffing impacts. The Project will be administered by the Turner Foundation. Administration of operating match funds will be overseen by existing County staff.

**Special Instructions:**

Please return one copy of the Minute Order to Kimberlee Albers at [kalbers@countyofsb.org](mailto:kalbers@countyofsb.org) Electronic signatures and transmittal are acceptable.

**Attachments:**

1. Reservation of Funding for the State Homekey Project
2. Resolution