



Agenda Item A.1
DISCUSSION/ACTION ITEM
Meeting Date: August 4, 2020

TO: Mayor and Councilmembers

FROM: Vyto Adomaitis, Neighborhood Services and Public Safety Director

CONTACT: Dominique Samario, Management Analyst

SUBJECT: Housing Authority of the County of Santa Barbara Homekey Program Grant Application Letter of Acknowledgement

RECOMMENDATIONS:

Authorize the City Manager to submit a letter of acknowledgement and support for the Housing Authority of the County of Santa Barbara's application for the State of California Homekey Program.

BACKGROUND:

Building on the success of Project Roomkey (the State of California's program to help communities lease hotel/motel rooms for temporary housing for people experiencing homelessness during the COVID-19 pandemic), on July 16, 2020 the California Department of Housing and Community Development (State HCD) announced the availability of approximately \$600 million in grant funding through the Homekey Program.

Homekey is a statewide effort to rapidly sustain and expand housing for people experiencing homelessness and impacted by COVID-19. Of the \$600 million in Homekey funding, \$550 million comes from the State's direct allocation of the federal Coronavirus Relief Fund monies and \$50 million is State General Fund. The County of Santa Barbara (County), in partnership with the Housing Authority of the County of Santa Barbara (County Housing Authority), is working to secure Homekey grant funds to convert a hotel/motel in Santa Barbara County into transitional and permanent supportive housing with on-site wrap-around services. While the funding was only recently allocated at the end of June through the state's budget, the working team has already contacted multiple hotels/motels in the South Coast region to see if a property might fit within the scope of the grant funds. The leading prospect is the Super 8 Motel located in Goleta at the corner of Fairview and Hollister Avenues.

DISCUSSION:

The Super 8 Motel fulfills a few critical requirements of the Homekey Program. The motel owners are interested in selling their property, the site is not located near residences, and

it provides excellent access to public transit. It also is configured well for this type of use and has an elevator, which is a critical requirement in serving the target clients. In addition, the proposed asking price of \$7.75 million falls within the general parameters of the grant program, which has allocated \$22 million in acquisition and programmatic funding to five counties along the Central Coast if applications are received by August 13, 2020. Other funding requirements, matches, and on-going support services funding has been secured by the County of Santa Barbara and the regional Continuum of Care. The County Housing Authority would be the official purchaser of the property and would manage the facility in partnership with the County.

This conversion would support a navigation center with daytime office use to help clients access services available to them and find permanent housing. In addition, there will be services provided in private rooms, such as County mental health appointments, prescription refills, some minor healthcare, and counseling sessions. There would also be 15 units of bridge/transitional housing of less than 28-day stays. At the start, County Behavioral Wellness will likely be operator of this part of the program. Finally, there would be 50 units of permanent supportive housing. These would be individual units with small electric kitchenettes These will operate under a lease agreement with the County Housing Authority.

An essential element to the success of this program is the 24/7 onsite support available to both the transitional housing and permanent housing residents. In addition to these resident monitors, the County has requested that private security guards remain onsite 24 hours per day to ensure the safety of both residents and community. In addition to the programmatic changes to the motel space, the County Housing Authority has committed to tenant improvements that would enhance the area of the property. These improvements would include external painting and landscaping work. Both the County Housing Authority and County teams recognize the central location of the property and its impact on surrounding businesses and that the intersection serves as the entrance to Old Town Goleta.

While the property is located in an area that has been zoned as suitable for an emergency shelter with only a minor conditional use permit, to convert the property into single residence occupancy housing would typically require a General Plan Amendment, rezoning, and a conditional use permit. However, acquisitions and conversions undertaken as part of Homekey will be subject to new legislation that the Governor signed on June 29, 2020, providing a CEQA exemption and automatic zoning compliance to new homeless housing using newly available state and federal funding. Planning and Environmental Review and Neighborhood Services and Public Safety staff are working to ensure all requirements are met in order for zoning conformity to occur.

The project timeline is very fast. As noted, priority applications must be received by August 13, 2020, acquisition funds must be spent by December 31, 2020, and rooms must be occupied 90 days after funds are received. The project team is eager to move forward and make this work but would like to partner with the City of Goleta by way of a

letter of project acknowledgement and support. A draft letter is provided in Attachment 1 for Council review and consideration of approval.

Even with this condensed timeframe, City and County Housing Authority staff feel outreach and engagement with the community is critical to the success of this program. Prior to an application being submitted, the County Housing Authority and City of Goleta will hold at least one virtual townhall, which will include time for questions and answers. Direct contact with surrounding businesses can also be conducted. Outreach will be provided in English and Spanish and shared via both organizations' public information contact lists.

On July 28, 2020, staff participated, along with the regional working group, in a question and answer session with State HCD staff. City of Goleta staff representatives will continue to be included in discussions with the applicant team if the project continues.

FISCAL IMPACTS:

The conversion of this motel property into transitional and permanent supportive housing would lead to a \$15,000 reduction in property taxes and possible losses of Transient Occupancy Tax (TOT) annually. The City is not able to comment on the specific hotel's TOT activity given confidentiality requirements. TOT revenues for all hotels were revised at \$5.53 million for FY 20/21 due to the COVID-19 pandemic. Prior to the COVID-19 pandemic, actual TOT revenues were at \$11.56 million for FY 18/19.

The possible reduction in General Fund revenues will continue to impact the City's net operating revenues in current year and future years, unless other revenue gains or enhancements are experienced. It should be noted that the estimated fiscal impacts of the proposed transaction are difficult to estimate due to other economic factors to consider, such as the supply and demand shift to the other hotel rooms at the nine other hotel properties in Goleta, coupled with the ongoing impacts of COVID-19 pandemic. Should the conversion go through, the City will be able to immediately absorb the impacts with its General Fund's Unassigned Fund Balance currently projected at \$5.3 million. Staff will continue evaluate and may recommend future budget adjustments. The City would receive navigation center services for its homeless population and a portion of rooms dedicated to people experiencing homeless in and around Goleta at no additional financial commitment. These are services that have been identified in the City's Draft Homelessness Strategic Plan as needed in the Goleta area. As such, this project would help support those goals and objectives at no additional cost beyond the reduction in revenue.

ALTERNATIVES:

The City Council can opt to not support a letter of acknowledgement to be included in the County Housing Authority's application for the acquisition of motel property in Goleta for conversion into a navigation center, transitional housing, and supportive housing. This may delay or prevent the program from successfully being funded through the Homekey Program.

Reviewed By:

Legal Review By:

Approved By:



Kristine Schmidt
Assistant City Manager



Michael Jenkins
City Attorney



Michelle Greene
City Manager

ATTACHMENT:

1. Draft letter of acknowledgement and support for the Housing Authority of the County of Santa Barbara's application for the State of California Homekey Program
2. Presentation

Attachment 1

Draft letter of acknowledgement and support for the Housing Authority of the County of Santa Barbara's application for the State of California Homekey Program



August 4, 2020

CITY COUNCIL

Paula Perotte
Mayor

Kyle Richards
Mayor Pro Tempore

Roger S. Aceves
Councilmember

Stuart Kasdin
Councilmember

James Kyriaco
Councilmember

CITY MANAGER

Michelle Greene

California Department of
Housing and Community Development
2020 West El Camino Avenue
Sacramento, CA 95833

RE: HOUSING AUTHORITY OF THE COUNTY OF SANTA BARBARA HOMEKEY
PROGRAM APPLICATION FOR PROPERTY ACQUISITION LETTER OF
ACKNOWLEDGMENT

To Whom It May Concern:

The City of Goleta (City) has a history of regional partnership with the County of Santa Barbara and the Housing Authority of the County of Santa Barbara. The City also recognizes the regional impacts of homelessness and has worked over the past several years to address homelessness within Goleta and the surrounding region. Because of this, the City is participating in a working group to successfully acquire and convert local motel/hotel space into transitional and permanent supportive housing through the State of California's Homekey Program.

The City understands that the most appropriate project to serve the needs of people experiencing homelessness in Santa Barbara County is the conversion of the Super 8 Motel located in the city of Goleta. This property fulfills many critical requirements of the Homekey Program, including but not limited to excellent access to public transportation and elevator access.

Important to the City is the fact that this conversion would support a navigation center and access to wrap-around support services such as mental health appointments, minor healthcare, and counseling sessions. The City has completed a draft of its first Homelessness Strategic Plan, which identifies the need for services for people experiencing homelessness in and around Goleta. This Plan also establishes a goal for a navigation center and permanent supportive housing in Goleta. This project would help fulfill those goals.

The property is located in an area that has been zoned as suitable for an emergency shelter with only a minor conditional use permit.

However, prior to recent State of California legislation in order to convert the property into single residence occupancy housing it would typically require a General Plan Amendment, rezoning, and a conditional use permit. However, the City understands that acquisitions and conversions undertaken as part of Homekey will be subject to new legislation that the Governor signed on June 29, 2020, providing a CEQA exemption and automatic zoning compliance to new homeless housing utilizing newly available state and federal funding. City of Goleta Planning and Environmental Review Department and Neighborhood Services and Public Safety Department staff are working to ensure all requirements are met in order for zoning conformity to occur. The included enclosures describe this process in detail.

While there are fiscal impacts to the City's General Fund budget, the additional services for the region's homeless population exceed the financial costs to the City and, as such, the City of Goleta would support this project moving forward and is prepared to partner with the regional applicants and service providers.

Sincerely,

Michelle Greene
City Manager

Enclosures

Verification of Zoning
Approvals Necessary to Begin Construction

Attachment 2
Presentation



Housing Authority of the County of Santa Barbara - Homekey Program Grant Application Letter of Acknowledgement

City of Goleta Special City Council Meeting

August 4, 2020

Dominique Samario, Management Analyst

Department of Neighborhood Services & Public Safety

State of CA Homekey Program

Counties by Geographic Distribution			
Los Angeles County	San Joaquin Valley	Central Coast	Balance of State (Cont.)
Bay Area Alameda Contra Costa Marin Napa San Francisco San Mateo Santa Clara Solano Sonoma	Fresno Kern Kings Madera Merced San Joaquin Stanislaus Tulare	Monterey San Benito San Luis Obispo Santa Barbara Santa Cruz	Mendocino Modoc Mono Nevada Plumas Shasta Sierra Siskiyou Tehama Trinity Tuolumne
Southern California Imperial Orange Riverside San Bernardino Ventura	San Diego County Sacramento Area Amador El Dorado Placer Sacramento Sutter Yolo Yuba	Balance of State Alpine Butte Calaveras Colusa Del Norte Glenn Humboldt Inyo Lake Lassen Mariposa	

State of CA Homekey Program

Eligible Uses:

- (1) Acquisition or rehabilitation of motels, hotels, or hostels.
- (2) Master leasing of properties.
- (3) Acquisition of other sites and assets, including purchase of apartments or homes, adult residential facilities, residential care facilities for the elderly, manufactured housing, and other buildings with existing residential uses that could be converted to permanent or interim housing.
- (4) Conversion of units from nonresidential to residential in a structure with a certificate of occupancy as a motel, hotel, or hostel.
- (5) The purchase of affordability covenants and restrictions for units.
- (6) Relocation costs for individuals who are being displaced as a result of rehabilitation of existing units.
- (7) Capitalized operating subsidies for units purchased, converted, or altered with funds provided by this section.

Super 8 Motel – Goleta

Asking Price \$7,750,000
\$120,000 per unit

Housing Authority of the County
of Santa Barbara Lead Applicant
and Purchaser



State of CA Homekey Program

Geographic Regions	PIT Count	Severely Rent-burdened ELI	CRF Allocation	GF Allocation
Los Angeles County	58,936	415,970	\$161,572,217	\$14,688,383
SF Bay Area	35,028	213,910	\$91,134,470	\$8,284,952
Southern California (w/o LA)	15,360	200,095	\$55,577,540	\$5,052,504
San Joaquin Valley	10,271	105,370	\$32,987,450	\$2,998,859
Central Coast	8,439	38,395	\$20,025,927	\$1,820,539
Sacramento Area	8,381	73,780	\$25,125,077	\$2,284,098
San Diego County	8,102	94,480	\$27,690,283	\$2,517,298
Balance of State	7,254	32,140	\$17,087,036	\$1,553,367



Super 8 Motel – Goleta

- Leased Parking Lot in City of Santa Barbara
- Hotel and North parking lot in the City of Goleta



View Facing North



State of CA Homekey Program

Project Roomkey Acquisition Trailer Bill Language

1. Funds allocated in the 2020 Budget Act or bills related to the 2020 Budget Act, including, but not limited to, moneys received from the Coronavirus Relief Fund established by the federal CARES Act (Pub. L. 116-136), to provide housing for those experiencing homelessness in response to the COVID-19 pandemic
2. Any project that satisfies (certain) requirements (including CEQA) shall be deemed consistent and in conformity with any applicable plan, standard or requirement, and shall be allowed as a permitted use within the zone that the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.

State of CA Homekey Program

2020 Budget Trailer Bills

Requires that any project that uses funds received from the Coronavirus Relief Fund for any of the purposes specified in No. 26 above shall be deemed consistent and in conformity with any applicable local plan, standard, or requirement, and allowed as a permitted use, within the zone in which the structure is located, and shall not be subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals.

State of CA Homekey Program

Timeline:

- Application is now open
- August 13, 2020: Deadline within region funding
- September 30, 2020: State application closes
- December 31, 2020: Acquisition funds spent
- 90 days after fund distribution: People need to be living in properties
- 6/30/22: Rental assistance portion must be spent

State of CA Homekey Program

Outreach:

- Outreach and engagement with community is critical to the success of this program
- County Housing Authority and City of Goleta will hold at least one virtual townhall
- Direct contact with surrounding businesses
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- Outreach provided in English and Spanish
- Shared via both organizations' public information contacts