



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand
Nanci Klein
Jim Shannon

SUBJECT: SEE BELOW

DATE: October 14, 2022

Approved

Date

10/21/22

COUNCIL DISTRICT: 2

**SUBJECT: CITY INITIATIVES ROADMAP – EMERGENCY HOUSING SYSTEM
EXPANSION: ACTIONS RELATED TO THE HOMEKEY PROGRAM
ROUND 2 FUNDS FROM THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT FOR INTERIM
HOUSING LOCATED AT BRANHAM LANE AND MONTEREY ROAD**

RECOMMENDATION

(a) Adopt a resolution:

- (1) Accepting an award of \$51,552,800 in Homekey Program Round 2 funds from the California Department of Housing and Community Development in order to address the housing needs of individuals and families experiencing homelessness or at risk of experiencing homelessness through the construction and operations at an interim housing community on City-owned property located Branham Lane and Monterey Road;
- (2) Authorizing the City Manager to negotiate and execute a California Department of Housing and Community Development Standard Agreement and all other necessary related documents to accept \$51,552,800 in construction funding and operating subsidy;
- (3) Authorizing the transfer of the City-owned Branham and Monterey property, totaling approximately 2.39 acres of land, to the Housing Department to meet the City's affordable housing needs;
- (4) Authorizing the Director of Housing to enter into a ground lease of the City-owned property located at Branham and Monterey Road with LifeMoves for an initial term of up to seven years with an option to extend up to 15 years for the purposes of construction of and operating the interim housing community; and

- (5) Approving a commitment of \$51,552,800 in Homekey Program Round 2 funds and \$37,000,000 in Measure E funds, subject to the appropriation of funds, totaling \$88,552,800 for the construction and operations of the Project and authorize the Director of Housing to negotiate and execute grant documents and any related documents or amendments with LifeMoves;
- (b) Adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the Multi-Source Housing Fund:
 - (1) Increase the Estimate for Revenue from the State of California by \$40,700,000; and
 - (2) Increase the Project Homekey Program 2.0 appropriation to the Housing Department by \$40,700,000.
- (c) Adopt the following Appropriation Ordinance amendments in the General Fund:
 - (1) Decrease the Measure E – 40% Extremely Low-Income Households Reserve by \$10,000,000; and
 - (2) Increase the Measure E – Project Homekey 2.0 (40% ELI) appropriation to the Housing Department by \$10,000,000.
- (d) Approve the Branham and Monterey Interim Housing Community as a “Committed Addition” to the 2023-2024 Base Budget, certifying that all operating and maintenance costs associated with the Project will be included in future Five-Year General Fund Forecasts, beginning with the 2024-2028 Forecast.

OUTCOME

City Council approval of these actions will authorize the City to accept and receive \$51,552,800 in funds from the California Department of Housing and Community Development’s (HCD) Homekey Program Round 2 (Homekey) and commit \$37,000,000 in Measure E funds, subject to the future appropriation of funds, for a combined total grant project amount of \$88,552,800. The Homekey award proceeds and Measure E funds will fund the construction of an interim housing community providing 204 new interim housing units located at Branham and Monterey Road (Project) and support the operations of the facility to serve extremely-low-income individuals.

EXECUTIVE SUMMARY

As a part of a regional strategy with the County of Santa Clara, the City is bringing forward a creative solution to build 204 interim housing units on a City-owned site. Funding is provided by state Homekey funds, philanthropy funds from the Sobrato Foundation, operations funds from

County of Santa Clara, and construction and operating funds from the City. LifeMoves will be serving as the developer, property manager, and service provider for the site.

The building design will include kitchenettes and flexible units that will allow for easy conversion of studios to one- or two-bedroom units. Additionally, the inclusion of kitchenettes will meet the requirements for federal funding in the future if the building is used for permanent housing in the long-term. The operating funds for the site are committed for the first seven years of operations. Staff is completing a study to develop a sustainable operating plan for interim housing on a long-term basis.

Approval of these actions will result in funding for the construction and seven years of operations for a new interim housing site expected to be completed within 12 months.

BACKGROUND

The Housing Department worked alongside the County of Santa Clara's Office of Supportive Housing (OSH) to respond strategically and swiftly to the COVID-19 pandemic and the subsequent increased demand for non-congregate shelter and housing opportunities for unhoused residents throughout the City and County. Both agencies worked collaboratively to coordinate a plan to identify sites for upcoming funding opportunities through the State of California's Homekey program.

Homekey is a State grant program under HCD. The purpose of the program mission is to provide grant funding to eligible applicants to quickly acquire, rehabilitate, or master lease a variety of housing types to provide interim or permanent housing options for persons experiencing homelessness and who are also at risk of COVID-19. On September 9, 2021, HCD released its Notice of Funding Availability (NOFA) to announce the availability of approximately \$1.45 billion of Homekey grant funding through its second round NOFA. This program is a significant investment to sustain, and rapidly expand, permanent and interim housing opportunities for persons experiencing homelessness or at risk of homelessness.

On October 5, 2021, City Council approved actions authorizing the City Manager to apply for three Homekey grants. The sites included the Pacific Motor Inn, Arena Hotel, and the City-owned property located at the intersection of Branham Lane and Monterey Road.

Staff worked diligently with LifeMoves and its team to submit an application on December 17, 2021 to HCD for the construction and operation of the Project. On May 10, 2022, HCD announced that the City and LifeMoves had been awarded a Homekey award in the amount of \$51,552,800; however, the information remained confidential until the award was announced publicly on August 24, 2022.

Site Description

The site is an undeveloped City-owned parcel located at the intersection of Branham Lane and Monterey Road. The 2.39-acre site was acquired by the Transportation Department for the potential expansion of the intersection. Prior to the selection of this site, the Transportation Department confirmed the site is not needed for current or future transportation purposes. The site is designated as public right of way in the General Plan and does not have an Assessor's Parcel Number or address. Figure 1 provides a map of the site.

Figure 1: Map of the Branham Monterey Interim Housing Community Site



ANALYSIS

Staff recommends City Council approve acceptance of the Homekey grant award and execute binding contracts with HCD and LifeMoves to construct an interim housing community for individuals experiencing homelessness. Accepting the HCD award aligns our local initiatives with the statewide strategy to secure the financial resources needed to combat the homeless crisis impacting our community. High-level details of the Homekey award are detailed below.

Project Description

The Project site is located at the intersection of Branham Lane and Monterey Road in San José. This Project will be constructed on a 2.39-acre City-owned lot and will provide 204 new units of interim housing. It will be a non-congregate interim shelter for individuals and couples who are experiencing homelessness in the city and neighboring areas. Half of the units will be set-aside for people who are chronically homeless, and the remainder of the units will serve people who are experiencing homelessness but do not meet the definition of chronically homeless. The definition of chronically homeless is an individual who lives in a place not meant for human

habitation continuously for at least 12 months or on at least four separate occasions in the last three years; or has an adult head of household that is disabled.

The proposed Project incorporates architectural and service models that will provide privacy and security while working closely with residents to secure stable housing. Residents will benefit from individual homes with private bathrooms. The site includes several common areas as well as pet accommodations.

The site will include two three-story buildings for the interim housing units. One of the buildings will include flex units, which is a unique feature about this Project. The configuration of the flex units will accommodate any fluctuating needs of larger household sizes. The design will have a bathroom located between two bedrooms that is accessible by both residents with a series of interconnecting doors that can be closed off so that they can be used as one-bed, two-bed, or even three-bed units, complete with kitchenettes. These rooms will provide flexibility to house adults who are interested in living in the same unit. For example, a couple with an aging parent.

Kitchenettes will be included in all units at the site. The benefits of installing kitchenettes are threefold. First, it is an investment in creating an environment for independent living so that residents have access and options to prepare their own meals in the comfort of their own unit. Second, it maximizes the ability to meet the U.S. Department of Housing and Urban Development's Housing Quality Standards for residential units. By meeting this criterion, these units will qualify for the Housing and Urban Development's Housing Choice Voucher Program, which will help offset operational costs for the Project. Third, it promotes a versatile unit design that would allow the Project to convert from interim housing to permanent housing at a future date.

The Project's surrounding community is in the close vicinity of various amenities including access to a library across the street, a grocery store, pharmacy, and shopping plaza within a ten-minute walk, along with several public transit and employment opportunities.

The Project will be designed to ensure that the diverse needs for building structure and meeting spaces are included. For example, safe and secure space that provides residents access to sanitation as well as cooking and dining needs. The Project building design also includes dedicated space for case management meetings and ancillary service providers. Approximately 30% of the constructed space will be allocated to the delivery of onsite supportive services for the residents. In addition to the building design strategies, a robust operations infrastructure will be established to manage maintenance and repairs. All onsite services, operational, property management, and resident services, will be provided or coordinated by LifeMoves.

It is also important to highlight that LifeMoves has drawn upon the expertise of Lived Experience Advisory Boards. In addition to drawing on the experience of its own lived experience board members, LifeMoves also reached out to Destination: Home's Lived Experience Advisory Board to solicit feedback to inform the design of this project as well as future modular-supportive interim housing communities. Based on the feedback of those with

lived experience, design features such as larger units and ensuite bathrooms, along with private meeting spaces and outdoor spaces for both socializing and quite enjoyment have been incorporated to improve the overall environment of the site.

LifeMoves: Developer, Service Provider, and Property Manager

LifeMoves is the largest provider of interim housing and services for individuals and families who are experiencing homelessness or who are at risk of homelessness in Silicon Valley. LifeMoves operates 26 shelter and service facilities from Daly City to San José that provide individuals and families experiencing homelessness a temporary home while providing intensive, customized case management through site-based programs and community outreach. On any given night LifeMoves feeds, clothes, and houses approximately 1,300 people, about one-fifth of whom are minor children. On average, clients stay for approximately 90-120 days at LifeMoves sites with 89% of families and 69% of individuals who engage in LifeMoves programs returning to stable housing¹. For these reasons, LifeMoves will serve as the developer, service provider, and property manager for the Project.

Developer

The COVID-19 pandemic immediately exacerbated California's housing crisis in the spring of 2020. LifeMoves stepped in to meet the needs of the community in many meaningful and time-sensitive ways. For example, LifeMoves acted as the developer, operator, and service provider for the Homekey Mountain View project. Unlike other Homekey projects at the time, the Mountain View project was not a motel conversion, but brand-new construction, custom designed using prefabricated modular units. Despite the challenges of managing a new construction project, LifeMoves Mountain View Homekey site opened 100 units and admitted its first clients within six months. This innovative and expedited strategy resulted in a construction cost of \$170,000 per unit. The Mountain View project became the catalyst for other innovative projects such as this proposed project in San José, Homekey Palo Alto, and the San Mateo County Navigation Center in Redwood City. With this experience in mind, LifeMoves will serve as the developer for the City's Homekey Project at Branham and Monterey.

Property Manager and Service Provider

LifeMoves will provide property management and supportive services programming at the Project that will be inclusive, safe, low-barrier, and welcoming. Following LifeMoves' program model for all of its shelters, this site will be staffed 24 hour a day – seven days a week and follow “Housing First” principles and a harm reduction service model that views each resident as housing-ready and provides a safe space with support for residents to realize their goals of self-sufficiency and stable housing.

In addition to basic services, such as shelter, food, and hygiene, the program also provides intensive case management and a broad range of other services, such as:

¹ <https://www.lifemoves.org/>

- Career counseling,
- Housing locator assistance,
- Financial literacy,
- Public benefits enrollment,
- Health care referrals,
- Substance abuse counseling, and
- Behavioral health support services.

Services critical to overcoming the trauma of poverty, long-term homelessness, and encounters with criminal justice systems will also be available.

Furthermore, LifeMoves has a standing operating policy in which each site's program director fosters and maintains an open-door policy to discuss any issue or concern with any resident. In addition to this open-door approach, LifeMoves will solicit feedback at regular intervals from residents through case management sessions, open-ended resident satisfaction surveys, and community meetings with property management personnel and residents.

Environmental Review

The Environmental Services Department completed a Phase I Environmental Site Assessment of the Project site on October 19, 2021, which included soil testing and analysis. The Phase I assessment identified one environmental concern associated with the property due to an agricultural history and the potential for residual pesticides to remain in the soil from past pesticide application. The testing results did not show any residual pesticides at levels of concern for public health and the environment. Environmental Services Department staff determined that there are no significant environmental liabilities that would preclude the site from being developed. As such, consistent with the recommended action in this memorandum, the Housing Department recommends that the Project as proposed move forward.

Ground Lease

The City and LifeMoves will enter into a ground lease for an initial term of up to seven years with an option to extend up to 15 years to satisfy HCD's Homekey program requirements. The City will evaluate the success of the Project after seven years and determine if the site should remain an interim housing community for an additional lease term.

Grant Agreement

The City and LifeMoves will enter into a grant agreement in the amount of up to \$88,552,800 in Homekey and Measure E funds for a term of up to 15 years as may be needed to satisfy HCD's Homekey program for purposes of construction, operation of, and services for the Project.

Construction and Operating Budget

This section provides an overview of the construction and operating costs and funding sources for the Project.

Construction and Installation of Kitchenettes

The original design provided 204 single units, each 200 square feet, and all with bathrooms at an estimated total construction cost of \$41,000,000 (\$200,980 per unit). As the Project evolved, the City recognized the value of installing kitchenettes in all the units for future flexibility and switching out some of the single units with 24 “flex” units; these units have interior locking doors that allow for different bedroom configurations. The flex units will be adaptable and able to accommodate larger household sizes on an as needed basis. As a result, the units became larger at 230 square feet to accommodate the kitchenettes, which comprise of built-in custom cabinetry, countertop, sink, a standup refrigerator, and a two-burner stovetop with automatic safety features that turn the cooker off after a predetermined time.

The increased electrical load of the stovetops and refrigerators resulted in the need for additional infrastructure and larger electrical transformers. Additional sewer lines were also necessary for each kitchenette to connect the kitchen sink to the plumbing lines. The total estimated construction cost for this additional infrastructure increased by \$10,000,000 for a grand total of \$51,000,000 (\$250,000 per unit). As such, the City will increase its construction funding commitment by \$10,000,000 to invest in the installation of kitchenettes to enhance the quality of life and create an environment of independent living for the future residents of this Project. Lastly, the Project received \$5,000,000 from Sobrato Philanthropies to contribute toward total construction costs.

The Project is expected to break ground in December of 2022 and will complete construction in the summer of 2023, with individuals and families moving in during the fall of 2023.

Operating Budget

LifeMoves will be responsible for all facility operations and maintenance costs. Homekey provides an operating subsidy and requires a match to cover the total costs. The duration of the operating subsidy is tied to the amount of the applicant’s matching funds. For example, if a local jurisdiction can demonstrate a commitment of four or more years of non-Homekey operating funds for the units, HCD will provide an operating subsidy for three years. For this reason, the City elected to commit four years of operating funds to the Project in order to secure three years in operating subsidy from HCD. As a result, the City is committing \$27,000,000 of Measure E funds over a four-year period in order to secure \$10,852,800 in HCD funding for a three-year period to cover operational costs for a total of seven years. Also, the Project qualifies to receive up to \$4,000,000 in one-time funding from OSH through its Service-Enriched Shelter Forgivable

Loan Program (discussed below) to further support the operating expenses. In conclusion, the total projected operating subsidy over a seven-year period from City, HCD, and OSH is \$41,852,800 while the current budget estimates show \$5,463,062 in operational cost in the first year. The amounts for operational costs include an escalator for increased costs over time. As such, the projected operating cost obligations are met with this multi-partner funding strategy.

OSH released an “over-the-counter” application NOFA for the purposes of a Forgivable Loan Program to provide capital funding and operating subsidies to non-profit organizations, as a sole applicant or in partnership with cities to create new service-enriched shelters. LifeMoves intends to apply for this funding to secure \$4,000,000 to fund operational costs. The Forgivable Loan Program will not be based on a competitive scoring system; instead, it will be based on an established threshold for funding consideration. If awarded the forgivable loan, the project will be subject to the following requirements:

- a) 15-year restrictive covenant recorded against the fee;
- b) Applicant priority to homeless individuals and families in geographical proximity to the Project and to those residing in a demobilized encampment and/or other temporary program;
- c) Any units not filled within 30 days will receive referrals and placements through the centralized Countywide Shelter Hotline; and
- d) Will be required to follow the Santa Clara Countywide Quality Assurance Standards for Homeless and Services Programs.

It is important to note that for all of the City’s interim housing facilities, their ongoing operations requires a long-term strategy. City Council provided direction to study the costs of interim housing operations and provide options to reduce operating costs. The Housing Department worked with the San Francisco Foundation to engage a consultant. The consultant study currently underway is identifying proven best practices (local or national) for interim housing, specifically:

- Models of services and operations that reduce operations and service costs;
- Service and operational models that engage residents in the governance and operations of their own community; and
- Service and support models that move participants to permanent housing.

It is anticipated that the consultant’s findings will be brought to City Council early next year. Once the recommendations for interim housing operations are approved, they will be implemented at this site.

Construction and Operating Budget Matrix

The Project is entirely funded by State and local funds. The total construction cost is \$55,700,000 and as outlined above, the cost to operate the site for a seven-year period is \$41,852,800. The per unit cost to construct the site is \$273,039 and the annual operating cost per unit is \$205,160 for a seven-year period.

Financing for the building will include a replacement reserve of \$311,500 and a capitalized improvement reserve of \$300,000. These reserves provide additional funding for unexpected maintenance and repair costs for the building. Funding for these reserves are included in the construction budget.

A summary of the construction and operating budget for the Project is included in Table 1.

Table 1: Construction and Operating Budget

| | Homekey Funds | Sobrato | OSH | City (Measure E) | Totals |
|--|----------------------|--------------------|--------------------|-------------------------|---------------------|
| Construction | \$40,700,000 | \$5,000,000 | \$0 | \$10,000,000 | \$55,700,000 |
| Operating Costs for Seven Years | \$10,852,800 | \$0 | \$4,000,000 | \$27,000,000 | \$41,852,800 |
| Total | \$51,552,800 | \$5,000,000 | \$4,000,000 | \$37,000,000 | \$97,552,800 |

CONCLUSION

If City Council approves and accepts HCD Homekey funds, the Housing Department will be able to secure \$51,552,800 to develop and operate the Project resulting in 204 new interim housing units and providing immediate shelter for individuals and families experiencing homelessness in San José.

EVALUATION AND FOLLOW-UP

The Housing Department produces periodic information memoranda regarding the use of the Director of Housing's Delegation of Authority under the San José Municipal Code; therefore, any additional actions would be summarized in those memoranda. During the life of the Project, while it operates as an interim housing facility, performance metrics will be included in the Housing Department's annual Homeless Report.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum aligns with one or more Climate Smart San José energy, water, or mobility goals. The recommendation furthers the goals of Climate Smart by facilitating the creation of low-income housing close to jobs and transit, which would reduce vehicle miles traveled and greenhouse gas emissions.

PUBLIC OUTREACH

The Housing Department hosted a series of public meetings, via an internet video conferencing platform, to share details and answer questions about the City's Homekey applications and solicit input. The first public meeting was held on October 1, 2021 and focused on the City's overall Homekey strategy. The meeting included a presentation from OSH on the regional approach to the Homekey program. On February 16, 2022, another public meeting was held to discuss this specific interim housing project proposal. The meeting included staff from the Housing Department and LifeMoves and each provided a presentation followed by a project-specific question and answer session.

COORDINATION

The memorandum has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item was not heard by the Housing and Community Development Commission, as approvals of affordable development financing do not fall under the functions, powers, and duties of the Commission delineated in Section 2.08.2840 of the San José Municipal Code.

FISCAL/POLICY ALIGNMENT

The recommendations in this memorandum are consistent with the "Community Plan to End Homelessness" endorsed by the City Council in August 2020. It advances two core strategies from the Community Plan to End Homelessness: increase the capacity of the supportive housing system by creating more permanent housing options and improve the quality of life for unsheltered individuals by increasing the number of emergency shelter beds.

COST SUMMARY/IMPLICATIONS

Approval of the recommendations in this memorandum will enable the Housing Department to enter into an agreement for the development and operation of an interim housing site at a cost of

up to \$88,552,800. This action includes acceptance of a \$51,552,800 Homekey grant award from the HCD; \$10,000,000 in Measure E funds for a construction grant from the City; and \$27,000,000 in Measure E funds for a grant from the City for operations of the site. Additional detail is provided below.

1. **AMOUNT OF HOMEKEY AND MEASURE E GRANTS TOWARD COST OF PROJECT:**

| | |
|---------------------------------------|---------------------|
| Construction (Homekey funds) | \$40,700,000 |
| Measure E Construction Grant | \$10,000,000 |
| Operating Funds (Homekey funds) | \$10,852,800 |
| Future Operating Funds (Measure E) | <u>\$27,000,000</u> |
| Total Homekey and City Funding | \$88,552,800 |

2. **SOURCE OF FUNDING:** The recommended funding sources for the Project are described below.

- The City will enter into a construction grant agreement up to \$50,700,000 with LifeMoves for the construction of the interim housing project, of which the \$40,700,000 of HCD funds will be received and expended in the Multi-Source Housing Fund and an additional \$10,000,000 will be supplied by the General Fund Measure E – 40% Extremely Low-Income (ELI) Households Reserve. As this project has the potential to be converted into permanent housing in the future, use of the 40% ELI allocation is appropriate. Budget adjustment actions are recommended in this memorandum to recognize and appropriate the \$40,700,000 of HCD funds and appropriate the \$10,000,000 of Measure E resources.
- The Sobrato Foundation will donate an additional \$5,000,000 to LifeMoves for construction of the project.
- The City will enter into an operations grant agreement totaling up to \$27,000,000 with LifeMoves for a seven-year period (shown in Table 2 below), funded by the General Fund Measure E – 15% Homeless Support Programs Reserve beginning in 2025-2026.
- HCD funds totaling \$10,852,800 for initial operating expenses will be received and expended in the Multi-Source Housing Fund beginning in 2024-2025. Once expended, the City will provide operating funds during year two through seven and OSH will fund a total of \$4,000,000 during years three and four.

3. **FISCAL IMPACT:** As shown in Table 2 below, the annual cost for LifeMoves to operate and maintain the Project over a seven-year period ranges from \$5.5 million to \$6.4 million, and City funding will be required by year two. These annual costs will be included within the Base Budget as a Committed Addition in future General Fund Five-Year Forecasts, beginning with the 2024-2028 Forecast scheduled for release at the end of February 2023. While the Administration will leverage external funding sources to

operate this site and other interim housing facilities when feasible, the Measure E – 15% Homeless Support Programs allocation in the General Fund will be recommended for appropriation in future fiscal years as part of the annual budget process.

Table 2: City Operating Subsidy Schedule (Seven-Year Period)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| HCD | \$5,463,062 | \$5,389,738 | \$0 | \$0 | \$0 | \$0 | \$0 |
| City | \$0 | \$224,569 | \$3,769,741 | \$3,929,479 | \$6,093,642 | \$6,262,351 | \$6,435,732 |
| OSH | \$0 | \$0 | \$2,000,000 | \$2,000,000 | \$0 | \$0 | \$0 |
| Total | \$5,463,062 | \$5,614,307 | \$5,769,741 | \$5,929,479 | \$6,093,642 | \$6,262,351 | \$6,435,732 |

BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the contract recommended as part of this memorandum.

| Fund # | Appn # | Appn Name | Current Total Appn | Rec. Budget Action | Amt for Contract | 2022-2023 Proposed Operating Budget Page* | Last Budget Action (Date, Ord. No.) |
|--------|--------|---|--------------------|--------------------|------------------|---|-------------------------------------|
| 001 | 8744 | Measure E – 40% Extremely Low-Income Households Reserve | \$46,095,463 ** | (\$10,000,000) | \$0 | 829 | 09/20/2022 Ord. No. 30817 |
| 001 | 224R | Measure E – Project Homekey 2.0 (40% ELI) | \$20,857,436 | \$10,000,000 | \$10,000,000 | N/A | 06/21/2022 Ord. No. 30794 |
| 448 | R100 | Revenue from the State of California | \$25,238,236 | \$51,552,800 | \$0 | 911 | 06/21/2022 Ord. No. 80607 |
| 448 | 224K | Project Homekey 2.0 | \$25,238,236 | \$40,700,000 | \$40,700,000 | N/A | 06/21/2022 Ord. No. 30793 |

* The 2022-2023 Proposed Operating Budget was approved on June 14, 2022 and adopted on June 21, 2022 by the City Council.

** The current appropriation total as of October 4, 2022 is included here. Actions recommended in the 2021-2022 Annual Report, expected to be adopted by the City Council on October 18, 2022, will increase this amount to \$61,226,619.

HONORABLE MAYOR AND CITY COUNCIL

October 14, 2022

Subject: Homekey Program Round 2 Funds for Interim Housing Located at Branham Lane and Monterey Road

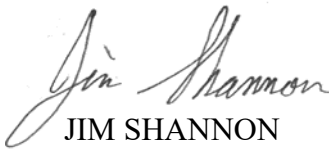
Page 14

CEQA

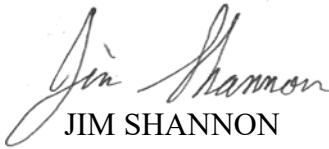
Statutorily Exempt, File No. ER21-261, CEQA Guidelines Section 15268, Ministerial Projects.

/s/
NANCI KLEIN
Director of Economic Development

/s/
JACKY MORALES-FERRAND
Director of Housing


JIM SHANNON
Budget Director

I hereby certify that there will be available for appropriation in the Multi-Source Housing Fund in the Fiscal Year 2022-2023 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$40,700,000.


JIM SHANNON
Budget Director

The principal author of this memorandum is Isaac Orona, Development Officer. For questions, please contact Rachel VanderVeen, Deputy Director (408) 535-8231.