



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jacky Morales-Ferrand

SUBJECT: SEE BELOW

DATE: January 7, 2021

Approved

Date

1/7/21

COUNCIL DISTRICT: 3

**SUBJECT: GRANT AGREEMENT WITH ABODE SERVICES TO OPERATE THE
PROJECT HOMEKEY SURESTAY HOTEL FOR UNHOUSED
INDIVIDUALS WHO ARE VULNERABLE TO COVID-19**

RECOMMENDATION

Adopt a resolution authorizing the Housing Director to negotiate and execute a grant agreement with Abode Services in the amount of \$1,085,474 to operate a non-congregate shelter for unhoused individuals who are vulnerable to COVID-19 in phase one and affordable housing in phase two at the Project HomeKey SureStay Hotel (1488 North 1st Street) for an extended term beginning February 1, 2021 through June 30, 2022, with an option to extend the agreement for an additional year beyond the initial term.

OUTCOME

City Council adoption of the resolution provides the Administration with the authority to enter in to an agreement with Abode Services to operate a critically needed non-congregate shelter for COVID-19 vulnerable individuals during the COVID-19 health crisis at the newly acquired SureStay Hotel. This project will transition to offer affordable housing and supportive services to help formerly homeless individuals and couples become self-sufficient once the State's Regional Stay at Home Order is lifted.

BACKGROUND

The State of California acted quickly to protect public health and safety as they responded to the rare coronavirus ("COVID-19") and engaged every level of government to prepare for and respond to the spread of the virus. In response, the California Department of Social Services launched a locally driven, State supported Project RoomKey initiative, created to provide

emergency housing in hotels/motels/and trailers for sick and medically vulnerable individuals experiencing homelessness in response to COVID-19.

While the County of Santa Clara did not receive funding from the first round of Project RoomKey, they have been operating a program similar to Project RoomKey by leasing hotels both as temporary shelter for vulnerable homeless households as well as for people who are COVID-19 positive or under investigation for COVID-19 infection and require isolation. The County is funding this program locally and is requesting reimbursement from FEMA for up to 75% of expenses to cover the costs. The SureStay Hotel is one of the hotels that is being used by the County to house vulnerable homeless individuals in response to the pandemic.

On June 16, 2020, the California Department of Housing and Community Development announced the availability of approximately \$600 million to implement Project HomeKey for jurisdictions to quickly maintain and expand housing opportunities for homeless households and those impacted by COVID-19. On August 10, 2020, the Housing Department successfully submitted its application to the State for Project HomeKey funding to acquire the SureStay Hotel and continue serving the individuals currently staying there under the County's program. On September 16, 2020, Governor Gavin Newsom announced an award to the City of San José in the amount of \$10,868,000 in acquisition funding support, along with a twenty-four month operating subsidy in the amount \$1,085,474 totaling \$11,953,474 to convert the 76-unit hotel into an interim and permanent housing solution.

ANALYSIS

Located at 1488 North First Street in San José, CA, 95112, the SureStay Hotel is currently being used by the County of Santa Clara Office of Supportive Housing (County) to shelter individuals with a medical vulnerability to COVID-19. The site offers 76 units with a detached two-bedroom unit and community room. Each unit has its own bathroom, microwave, refrigerator, access to WiFi, parking, and capacity for 1-2 individuals.

Request for Proposals and Operator Selection

On October 9, 2020, the Housing Department issued a Request for Proposals (RFP) to solicit applications for both property management and supportive services with responses due on October 23, 2020. Abode Services was the sole respondent to the RFP. A panel, comprised of two representatives from the Housing Department and one formerly homeless community member, scored and evaluated the proposal and Abode was selected. With authority under the City's current Proclamation of Local Emergency, the Housing Department moved quickly to begin negotiations on the contract with Abode so that there is no lapse in services.

Abode has launched and operated more than one dozen hotels as part of the local COVID-19 response, currently providing supportive services at six hotels in Santa Clara County, including the SureStay Hotel. Since Abode is currently contracted by the County as the service provider at

the SureStay Hotel, the staff structure would be kept in place allowing for a seamless transition at the property. As a regional leader in permanent supportive housing services and an agency with an in-house property management company (Housing for Independent People), Abode is equipped to fully operate the SureStay property.

The City has implemented a plan with the owners of the SureStay Hotel to transition the property management activities to Abode in February 2021. The City also intends to eventually transition the units from non-congregate shelter serving COVID-19 vulnerable individuals to long term permanent supportive housing. The transition to permanent housing is dependent on the State's lifting of the Regional Stay at Home Order and the length of time necessary to serve those impacted by COVID-19.

Property Management Plan

Operations and management of the SureStay Hotel encompass a variety of needed services, such as repair and maintenance, payment of utilities, laundry, security, building improvements and other property management related items. The Housing Department negotiated a 120-day transitional period with the owners, from November 1, 2020 through February 28, 2021, to provide property management services until Abode takes control of the site.

Beginning in February 2021, Abode will be responsible for maintaining the entire property, including each unit, the communal spaces, and the property's exterior. Property management activities will include, but will not be limited to:

1. Maintaining clean, sanitary, and regularly maintained common spaces and community areas;
2. Conducting regular unit inspections and unit turnovers;
3. Managing and responding to routine and preventative maintenance and janitorial needs;
4. Managing leases/program agreements, fee/rent collection, noticing, re-certifications, legal/regulatory compliance, reasonable accommodation response/tracking, and file document/file retention;
5. Overseeing asset management services, accounting services and financial reporting;
6. Ensuring all site security functions and supervision of security staff training, building entrance control and courtesy patrol and security contractual agreements;
7. Landscaping;
8. Ensuring COVID-19 safety protocols are enforced;
9. Tenant-landlord relations;
10. Ensuring emergency planning, and compliance with building, fire and health codes;
11. Managing garbage removal from designated areas, keeping them clean, orderly and functional;
12. Maintaining building safety systems including fire alarms, sprinklers, gates and locks; and
13. Managing noise, graffiti, litter or other concerns of disturbances through the development of a "Good Neighbor Plan".

Supportive Housing Plan

The intent of the City's purchase of the SureStay Hotel is to provide temporary non-congregate shelter and eventually convert to permanent housing for homeless individuals using a phased housing approach. The first phase will provide interim housing to homeless individuals who are vulnerable to COVID-19. During the existing public health crisis posed by COVID-19, referrals into the program will continue to come through the County-managed centralized shelter referral hotline. Abode will work with the participants during the COVID-19 emergency on individualized long-term housing plans. Once the State's Regional Stay at Home Order is lifted, prompting the second phase, the units will transition to providing permanent housing, of which the model, target population, and program fee/rent specifics have yet to be determined.

During the COVID-19 emergency, Abode will provide appropriate on-site services that will include individualized housing action plans and referrals for needed support with the goal of securing stable housing. Abode will practice the Housing First model and the principles of Harm Reduction and Self Determination. Priorities in service delivery includes, providing access and support in obtaining medical and wellness services, financial literacy and employment assistance, and meaningful activities that enhance skills necessary to address the challenges of everyday life.

It is anticipated that the SureStay Hotel will continue to serve the COVID-19 vulnerable individuals during most, if not the full term, of the 18-month contract with Abode. However, the City will work with Abode and the County over the coming months to develop a detailed transition plan and prepare to convert the units to permanent housing.

Abode has experience converting motels into supportive housing communities. One example is Casa de Novo, which offers 27 interim housing units and 27 units of permanent supportive housing both targeting homeless individuals. Additionally, Abode currently supports the Plaza Hotel, the 47-unit SRO hotel in downtown San José, providing interim housing for homeless individuals. At these sites, Abode provides property management as well as two on-site resident service coordinators. Abode's approach relies heavily upon close collaboration between property management, the services team, and other support staff to ensure housing retention.

Abode also has more than 18 years of experience with site-based residential and clinical services for permanent supportive housing projects. In the fiscal year 2020, Abode's supportive housing properties served 1,768 individuals in 1,467 units in the County.

CONCLUSION

The City's homeless residents have more underlying health conditions than the general public. As such, the population is highly vulnerable to developing more severe illness or complications from COVID-19. The action recommended in this memorandum will continue non-congregate

shelter options for the City's most vulnerable residents as the State's Regional Stay at Home Order remains in place.

EVALUATION AND FOLLOW-UP

During the COVID-19 crisis, the Administration will provide periodic verbal updates to the City Council on temporary shelter capacity and use.

CLIMATE SMART SAN JOSE

The recommendation in this memo 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. The site is located in walking distance from a light rail station, providing access to transit to all residents living at the Project.

PUBLIC OUTREACH

This item has been posted on the City's website for approval by the City Council on January 12, 2021. The Housing Department is also coordinating with the Mayor's Office and Council Office to hold a community meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

This COVID-19 contract does not fall under the functions, powers, and or duties of the Housing Commission. The Housing and Community Development Commission will be updated on the actions related to the homeless support programs.

COST IMPLICATION SUMMARY

The City has received a \$11,953,474 Project HomeKey grant from the State of California. The City has acquired a SureStay Hotel to provide housing for homeless households and for those impacted by COVID-19. This action enables the City to enter into an agreement with Abode Services to operate the hotel utilizing a \$1,085,474 operating subsidy from the Project HomeKey

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grant. There is no impact on the General Fund as a result of this action to use State of California emergency housing assistance funds.

BUDGET REFERENCE

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

Fund #	Appn #	Appn. Name	Total Appn.	Amt. For Contract	2020-2021 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
448	214B	Project HomeKey	\$12,630,477	\$1,085,474	VIII - 192	10/20/20 Ord. 30496

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

JACKY MORALES-FERRAND
Director, Housing Department

For questions, please contact Kelly Hemphill, Homelessness Response Manager, at kelly.hemphill@sanjoseca.gov.