

Legislation Details (With Text)

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Title: Actions Related to the Project Homekey 2.0 Funds for the Arena Hotel Located at 817 The Alameda.

Sponsors:

Indexes:

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Attachments: 1. Memorandum, 2. Resolution, 3. Presentation, est. 2 minutes

Date	Ver.	Action By	Action	Result
6/21/2022	1	City Council		

Actions Related to the Project Homekey 2.0 Funds for the Arena Hotel Located at 817 The Alameda.

(a) Adopt a resolution:

(1) Accepting an award of \$25,238,236 in Project HomeKey 2.0 funds from the California Department of Housing and Community Development (HCD) in order to address the housing needs of individuals and families experiencing homelessness or at risk of experiencing homelessness through the acquisition of and operation of the Arena Hotel located at 817 The Alameda;

(2) Authorizing the City Manager to negotiate and execute an HCD Standard Agreement and all other necessary related documents to accept \$25,238,236 in acquisition funding and operating subsidy from HCD in Project HomeKey 2.0 funds;

(3) Authorizing the City Manager to negotiate and execute an assignment and assumption agreement for the City of San José (City) to assume the role of Buyer in the Purchase and Sale Agreement and Joint Escrow Instructions dated October 14, 2020, first amended on June 30, 2021, second amended on November 30, 2021, third amended on February 28, 2022, and fourth amended on April 26, 2022 (collectively PSA) between Ikaika Ohana as buyer and Mill Valley Motel Investments, Inc., Morgan Hill Motel Investments Inc., Arena Hotel Investments, Inc., and Needles Motel Investments, LLC., collectively as Seller (Seller) for the purchase of the Arena Hotel located at 817 The Alameda, identified as APN 261-01-007 for a price of \$22,900,000 (Project);

(4) Authorizing the Director of Housing to negotiate and execute grant documents and all other documents with Urban Housing Communities, or its affiliate Ikaika Ohana (Developer) regarding the rehabilitation, and operations of and services for the Project for a grant award in the amount of \$23,150,672 from Project Homekey 2.0 Funds and Measure E Funds;

(5) Authorizing the Director of Housing to enter into a Ground Lease with the Developer of the City-owned property located at 817 The Alameda for a term of up to 15 years for the purposes of rehabilitating and operating the Project; and

(6) Approving a total commitment of \$25,238,236 in Project Homekey 2.0 Funds and \$20,857,436 in Measure E Funds totaling \$46,095,672 for the acquisition, rehabilitation and operation of the Project.

(b) Adopt the following Fiscal Year 2022-2023 Appropriation Ordinance Amendments in the Multi-Source Housing Fund:

(1) Increase the estimate for Revenue from the State of California by \$25,238,236; and

(2) Establish a Project HomeKey 2.0 appropriation to the Housing Department in the amount of \$25,238,236.

(c) Adopt the following Fiscal Year 2022-2023 Appropriation Ordinance Amendments in the General Fund:

- (1) Decrease the Measure E - 40% Extremely Low-Income Households Reserve by \$20,857,436; and
- (2) Establish a Project HomeKey 2.0 appropriation to the Housing Department in the amount of \$20,857,436.

CEQA: Statutorily Exempt, Public Health and Safety Code Section 50675.1.4, Homekey Round 2 Program - Arena Hotel, File No. ER21-159. Council District 6. (Housing/Economic Development and Cultural Affairs/City Manager)