

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (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 OF AN INTERIM HOUSING COMMUNITY ON CITY-OWNED PROPERTY LOCATED AT BRANHAM LANE AND MONTEREY ROAD; (2) AUTHORIZING THE CITY MANAGEMENT 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 OEPRATING 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, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, 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; (5) APPROVING A GRANT 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 INTERIM HOUSING COMMUNITY; AND (6) AUTHORIZING THE DIRECTOR OF HOUSING TO NEGOTIATE AND EXECUTE GRANT DOCUMENTS AND ANY RELATED DOCUMENTS OR AMENDMENTS THERETO WITH LIFEMOVES

WHEREAS, the City of San José (“City”) Housing Department worked alongside the County of Santa Clara (“County”) Office of Supportive Housing 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; and

WHEREAS, both agencies worked collaboratively to coordinate a plan to identify sites for upcoming funding opportunities through the State of California’s Homekey Program, a grant program under the California Department of Housing and Community Development’s (“HCD”), with the purpose to provide grant funding to eligible applicants to quickly acquire, rehabilitate, or ground 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; and

WHEREAS, 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 their second round NOFA; and

WHEREAS, 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; and

WHEREAS, on October 5, 2021, the City Council approved an action authorizing the City Manager to apply for three Homekey grants including the Pacific Motor Inn, Arena Hotel, and the City-owned property located at the intersection of Branham Lane and Monterey Road sites; and

WHEREAS, 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, operating 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 both site-based programs and community outreach; and

WHEREAS, staff worked diligently with LifeMoves and their team to submit an application on December 17, 2021, to HCD for the construction and operation of a 204-unit interim housing community on the City-owned site located at the intersection of Branham Lane and Monterey Road (“Project”) which as part of a regional strategy with the County, the City is bringing forward a creative solution to build; and

WHEREAS, on May 10, 2022, HCD announced that the City and LifeMoves had been awarded a Homekey award in the amount of \$51,552,800 with such information remaining confidential until the award was announced publicly on August 24, 2022; and

WHEREAS, the Branham Lane and Monterey Road site is an undeveloped City-owned site with 2.39 acres acquired by the Transportation Department for the potential expansion of the intersection and that prior to the selection of this site for development of affordable housing, the Transportation Department confirmed that the site is not needed for current or future transportation purposes; and

WHEREAS, 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 and 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 extended lease term; and

WHEREAS, the City and LifeMoves will also 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; and

WHEREAS, staff recommends the 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 as accepting the HCD award aligns the local initiatives with the statewide strategy to secure the financial resources needed to combat the homeless crisis impacting our community; and

WHEREAS, City Council approval of these actions will authorize the City to accept and receive \$51,552,800 in funds from the HCD Homekey Program 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 which, together, the award of these funds proceeds will fund the construction of the interim housing community providing 204 new interim housing units in the City of San José and will support the operations of the facility to serve extremely low income individuals, as set forth in the Memorandum from the Housing, Economic Development and Real Estate, and Budget Departments dated October 14, 2022;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- a. An award of \$51,552,800 in Homekey Program Round 2 funds from the California Department of Housing and Community Development, is hereby accepted, 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 of an interim housing community on City-owned property located at Branham Lane and Monterey Road;

- b. The City Manager, is hereby authorized, to negotiate and execute a California Department of Housing and Community Development Standard Agreement and all other necessary related documents to accept a Homekey Program award of \$51,552,800 in construction funding and operating subsidy;
- c. 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, is hereby authorized;
- d. The Director of Housing, is hereby authorized, to enter into a ground lease of the City-owned property located at Branham and Monterey Road with LifeMoves, a California nonprofit public benefit corporation, for an initial term of up to seven years with an option to extend up to 15 years for the purposes of construction and operation of the interim housing community; and
- e. A grant 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, is hereby approved, for the construction and operations of the interim housing community to be constructed at Branham Lane and Monterey Road
- f. The Director of Housing, is hereby authorized, to negotiate and execute grant documents and any related documents or amendments with LifeMoves.

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ADOPTED this _____ day of _____, 2022, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk