

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (1) AUTHORIZING THE DIRECTOR OF HOUSING TO RENEGOTIATE THE TERMS OF AN AGREEMENT WITH LIFEMOVES TO ACCEPT AND RECEIVE AN AWARD OF APPROXIMATELY \$51,552,000 IN HOMEKEY PROGRAM ROUND 2 FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO ADDRESS THE HOUSING NEEDS OF INDIVIDUALS AND FAMILIES EXPERIENCING HOMELESSNESS OR AT RISK OF EXPERIENCING HOMELESSNESS THROUGH THE CONSTRUCTION AND OPERATION OF AN INTERIM HOUSING COMMUNITY ON CITY-OWNED PROPERTY LOCATED AT BRANHAM LANE AND MONTEREY ROAD; (2) AUTHORIZING AN INCREASE TO THE EXISTING CITY COUNCIL-APPROVED GRANT COMMITMENT TO LIFEMOVES BY \$2,000,000; AND (3) AUTHORIZING THE EXISTING CITY COUNCIL-APPROVED GRANT OF \$10,000,000 FOR THE INSTALLATION OF KITCHENETTES TO BE ALLOCATED TOWARDS GENERAL CONSTRUCTION COSTS OF THE PROJECT INCLUDING, BUT NOT LIMITED TO, THE CONSTRUCTION OF KITCHENETTES IN EACH UNIT

WHEREAS, the City Council approved a previous action that indicated the City would receive the \$51.6 million in Housing and Community Development (HCD) grant funding; and

WHEREAS, the Homekey award and City grant will fund the construction of an interim housing community providing 204 new interim housing units located at Branham Lane and Monterey Road and support the operations of the facility to serve extremely low-income unhoused individuals; and

WHEREAS, the grant application to HCD names the City and LifeMoves as co-grantees; and

WHEREAS, when the state released the Standard Agreement, only one entity could receive the funds and be Designated as the Payee; and

WHEREAS, naming LifeMoves as the Designated Payee allows LifeMoves to directly receive HCD funds, but causes a discrepancy with what had been disclosed and approved by the City Council on November 1, 2022, which had designated the City as the recipient of HCD funds; and

WHEREAS, staff recommends that City Council formally authorize LifeMoves to be the Designated Payee to the Standard Agreement and to authorize the Director of Housing to negotiate and execute new modified terms with LifeMoves; and

WHEREAS, City Council approval of these actions will allow LifeMoves to accept \$51.6 million in HCD grant funding directly; and

WHEREAS, this City Council approval will also increase the total City grant from \$10.0 million to a total of \$12.0 million in order to cover reasonable and necessary cost overruns for the Project; and

WHEREAS, upon receipt of funds from HCD, LifeMoves will deposit \$22.7 million into a LifeMoves Homekey Account in Bank of America for capital expenditures and construction; and

WHEREAS, LifeMoves will set up a separate reserve account entitled the "Homekey Reserve Account" at Bank of America in the amount of \$18 million where LifeMoves will have access to these funds after July 1, 2023; and

WHEREAS, LifeMoves will wire \$10,852,800 back to the City to be held as operating funds, which will not be released back to LifeMoves until the site receives a Certificate

of Occupancy and an operations agreement has been executed by LifeMoves and the City.

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

- a. The Director of Housing, is hereby authorized, to renegotiate the terms of an agreement with LifeMoves, so that LifeMoves, as designated payee under the Homekey Standard Agreement for the Project, will directly accept and receive an award of approximately \$51,552,000 in Homekey Program Round 2 funds from the Department of Housing and Community Development to address the housing needs of individuals and families experiencing homelessness or at risk of experiencing homelessness through the construction and operation of an interim housing community on City-owned property located at Branham Lane and Monterey Road;
- b. An increase to the existing City Council-approved grant commitment by \$2,000,000 to LifeMoves in order to cover reasonable and necessary cost overruns for the Project is hereby authorized;
- c. The existing City Council-approved grant of \$10,000,000 previously authorized for the installation of kitchenettes to be allocated is hereby authorized to be used towards all general construction costs of the Project, including, but not limited to, the construction of kitchenettes in each unit.

ADOPTED this _____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk