



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Shola Olatoye  
Director, Housing and  
Community Development

**SUBJECT:** Round 3 Homekey Applications

**DATE:** June 24, 2022

City Administrator Approval

Date:

Jul 7, 2022

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution:**

**Authorizing The City Administrator To Apply As A Local Agency Partner For Funds In An Amount Not To Exceed \$200,000,000 For Affordable Housing Development Grants From The California Department of Housing And Community Development's Homekey Program, And Allocating City Capital Matching Funds In A Total Amount Not To Exceed \$21,608,441 And City Operating Matching Funds In A Total Amount Not To Exceed \$13,676,713 For Homekey Projects**

## **EXECUTIVE SUMMARY**

This agenda report presents the plan for the City of Oakland (City) Homekey application and Request for Proposals (RFP) process for the anticipated 2022 Notice of Funding Availability (NOFA) for Round 3 of the Homekey program. The State's Homekey NOFA is anticipated to be released by the California Department of Housing and Community Development (Department) in August of 2022, and will again offer competitive funding for acquisition and development proposals for transitional and permanent affordable housing for people experiencing homelessness.

Based on feedback from the State, staff expects that the 2022 Homekey NOFA will mirror the 2021 Homekey NOFA in content and award strategy, with an "over-the-counter" approach for awarding Homekey funds soon after the State NOFA release, in the order received for projects meeting threshold requirements, until funds are expended. To bolster the City's competitiveness, staff recommends that the City Council (Council) authorize a streamlined process for Round 3, allowing staff to apply to the Homekey program with complete project applications as soon as possible with an "over-the-counter" review of applications that will meet the City and State threshold requirements. Specifically, staff requests Council authority to embark on a two-step resolution process: (1) first, for the Council to adopt the resolution proposed herein providing authority to staff to apply to the State Homekey program, for projects selected by staff, for up to \$200,000,000 in State Homekey funds, and to commit up to

City Council  
July 19, 2022

\$21,608,441 in City capital matching funds and up to \$13,676,713 in City operating matching funds for those applications; (2) second, staff would return to Council after submittal of applications for review by the State, with a second resolution approving specific project funding commitments and accepting Homekey funds.

This proposed resolution will allow the City to apply to Homekey as quickly as possible after the NOFA is released by submitting applications that meet Homekey and City threshold requirements and City fund availability. This resolution will enable the City to submit earlier applications upon the Department's NOFA release, and therefore make it more likely to secure funding for urgently needed homeless housing.

## **BACKGROUND / LEGISLATIVE HISTORY**

Homelessness has increased over 24% in Oakland within the last three years.<sup>1</sup> The Homekey program presents an important and unique opportunity to address this crisis.

### ***State Homekey Program***

On September 9, 2021, the Department issued a NOFA for the second round of its Homekey Program, making approximately \$1.45 billion in grant funding available within the 2021-2022 fiscal year to local public entities, including cities, counties, or other local public entities, to sustain and rapidly expand housing for persons experiencing homelessness or at-risk of homelessness, and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic. A similar allocation is expected for the 2022-2023 Homekey Round 3 NOFA. Additional information on Homekey is available in the 2021 Homekey application staff report accompanying Resolution No. 88950 C.M.S.

The Department is expected to release a NOFA for the third round of its Homekey Program this summer. The Department's staff have informed City staff that the 2022 Homekey NOFA will closely if not exactly resemble the 2021 NOFA.

A limited funding source issued through a competitive application process, the State will like review Homekey funding applications on an over-the-counter basis when the NOFA is issued no later than August 2022. Homekey requires that projects requesting higher than base Homekey subsidy limits per unit must identify matching funds from sources outside of Homekey – most projects in Oakland require some local or other match to qualify for Homekey funding. Securing City Council approval now to apply to Homekey as soon as possible after the State's NOFA release with competitive match commitments will make the City more likely to secure Homekey awards to address the City's dire need for homeless housing.

### ***City Homekey 2.0 Process in 2021***

In anticipation of the 2021 Homekey Round 2, the City issued a Request for Qualifications (RFQ) on June 25, 2021, prior to the Department's Homekey NOFA release. The City's intent with the RFQ was to establish a qualified pool of project sponsors who would then be prepared

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<sup>1</sup> Oakland 2022 Point In Time Count Unsheltered & Sheltered Report: [Oakland-PIT-2022-Infographic-Report.pdf \(oaklandside.org\)](https://oaklandside.org/reports/Oakland-PIT-2022-Infographic-Report.pdf)

to expeditiously propose ready-to-go projects once the Department's Homekey NOFA was released. Out of the 39 unique RFQ team submissions, 29 teams qualified for the State Homekey minimum experience thresholds for Developer/Owner, Property Manager, and Service Provider roles. Once the 2021 State Homekey NOFA was issued on September 9, 2021, the City issued its 2021 Homekey Request for Proposals (RFP) on October 18, 2021, with guidelines and scoring directly reflecting the priorities and standards of the 2021 State Homekey NOFA with additional City points for projects that did not rely on City operating subsidy, already had purchase contracts, deepened affordability lower than 30% AML rents, and realistically could achieve rapid occupancy.

The City's RFP targeted application submittals by the stated January 31, 2022 deadline for the timely submission bonus award of \$10,000 per unit and to access the geographic allocation. Staff brought recommendations for the City's Homekey applications and local commitments for them to Council on December 21<sup>st</sup>, 2021. In parallel, City staff partnered with the Oakland Housing Authority (OHA) to secure OHA Board approval of funding commitments for recommended projects in time for the Homekey application submittals on January 24, 2022. Staff submitted all Homekey applications to the State by the January 31, 2022 Homekey deadline for timeliness bonus and regional set-aside.

Despite the City getting the applications in by the State's deadline, the geographic set aside for the Bay Area was fully subscribed by the time Oakland applications were submitted. The State awarded projects on a rolling basis and did not prioritize by score. Many jurisdictions that secured early Homekey awards submitted applications much earlier than January 2022. Three of Oakland's six applications received Fiscal Year (FY) 2021-2022 Homekey awards. The State has made clear to staff that the next round of Homekey will mirror last year's rolling approach and reflect similar scoring and NOFA guidelines, and therefore **early submittals will be paramount to securing an award**. Our proposed approach this round, therefore, is to secure authority to apply through this proposed first resolution, rely on last year's Homekey NOFA guidelines to issue an RFP in July, apply to Homekey for projects selected through the RFP process, and return to Council for a second resolution with project-specific approvals after the applications have been submitted to the State.

## **ANALYSIS AND POLICY ALTERNATIVES**

While the City has successfully won six projects in the first two award rounds of the Homekey program, it is critical that we streamline the process for Round 3 to ensure that Oakland projects are best positioned for future awards. City staff received feedback from the State and our co-applicants that our Homekey application process was significantly delayed compared to other jurisdictions. While the City of Oakland was reviewing team qualifications and proposals, and preparing to present recommendations to the Council, other jurisdiction teams were already submitting their applications to the State. For the City to increase its competitiveness in the Homekey application process, the City must be primed and ready to apply as soon as the State NOFA is released.

For this third Homekey round, staff proposes an over-the-counter RFP process, similar to the City's approach in Homekey Round 1 but with more targeted outreach and intention. In this approach, the City would again establish clear thresholds for underwriting and project feasibility that reflect the State and City's regulatory and underwriting requirements, as well as a clear

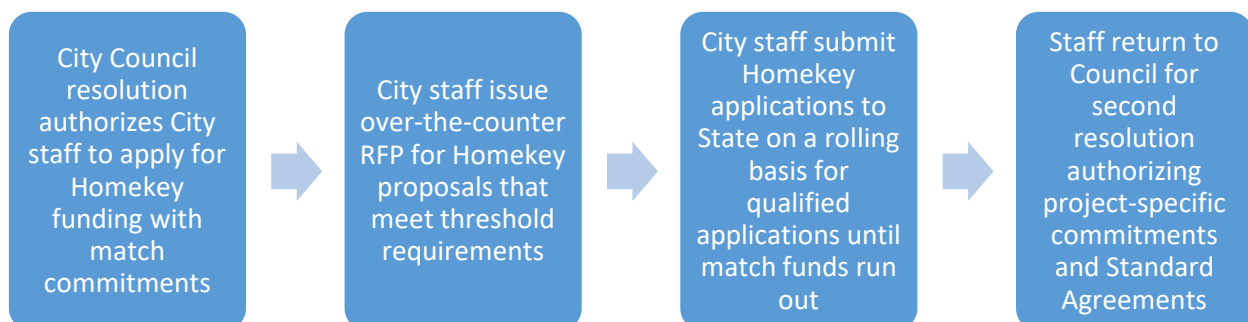
scoring rubric to apply to the RFP to ensure that projects meet minimum scoring thresholds established by the State. Projects that meet City and State threshold requirements and City underwriting standards will be submitted to State Homekey in the order of timestamped receipt of complete applications. Applications will be rolling until the City's matching capital and operating funds are fully committed, with one important caveat: staff propose setting aside 25% of the City's capital and operating funds for Homeless Transitional-Aged Youth (TAY) projects to encourage proposals that serve this priority population. Accordingly, in 2021 the State established an eight percent set-aside out of the State's Homekey funds for this use. While there were a few units dedicated to formerly incarcerated TAY youth in the City's Kingdom Builders Transitional Housing application in Round 2 (which received a Homekey award), the State was undersubscribed in its TAY set-aside, and the City now seeks to encourage creation of more homeless TAY units by establishing this set-aside in Round 3. In partnership with the Department of Human Services, staff will conduct targeted outreach to TAY housing providers and developers, as well as to small and emerging developers in addition to the more traditional development sponsors active in Oakland.

Given the high cost of construction and the need to provide deeply affordable units to people experiencing homelessness, the City's commitment of local match for capital and operating funds will be required for projects to be eligible for Homekey funding and to meet the State's minimum program requirements. It is critical that staff is provided the authority to issue conditional commitment letters sufficient to meet Homekey requirements to ensure applications are complete and meet threshold requirements.

With the above approach, the City could release its RFP, receive and review project proposals, and apply for Homekey immediately after the State Homekey NOFA is issued during the Council's summer recess, positioning the City to secure these important funds with viable projects. In addition, the City RFP would remain open, allowing for back up projects in case submitted applications fall through (as may happen with any real estate transaction).

Staff has received approval from the State to first submit a Council resolution with our applications that generally authorizes the City to apply for Homekey funding with threshold match commitments, with a second Council resolution with project-specific approvals following application submittal, but prior to accepting Homekey awards and entering into a Standard Agreement with the Department. When the specific projects that applied are brought to Council, Council would then have the opportunity to direct staff to pull an application from consideration should Council disagree with the appropriateness of the application. Please see Chart 1 below for a graphic representation of this proposed process.

**Chart 1: Proposed Homekey Application Process**



The service-enriched housing that is required or produced through the Homekey program reaches the deepest levels of affordability by providing urgently needed housing for residents experiencing homelessness. Homekey projects provide **housing, economic, and cultural security** for their residents, and the stewardship of these Homekey projects by responsible and experienced sponsors are a direct investment in **holistic community safety** for their communities. By mobilizing quickly to leverage any and all available resources to address our most urgent housing needs, Homekey projects demonstrate the City's commitment to acting as a **responsive, trustworthy government**.

### **Alternatives**

As an alternative approach, the City could issue the same RFP described above but use the more traditional RFP structure of a set deadline and review period, which would allow review of all projects at the same time, and then prioritize projects by score. RFP applications that meet threshold would be ranked by score, to co-apply to Homekey with the City until matching capital and operating funds are fully committed. The challenge with this method is that most applicants need at least 45 days to respond to an RFP, and if the City were to issue an RFP in late July, proposals would not be prioritized and reviewed until late September at the earliest. For context, in Round 2, Homekey awards were already being announced in October 2021. Under this approach, the City would not be able to consider applications before the RFP deadline, even if they were strong candidates for early submittal to Homekey.

As another alternative to the above recommendations, staff could forego the two-step resolution process and instead wait to apply to the State Homekey program until after securing project-specific approvals from City Council, as we did last year. This approach would require approximately eight weeks of preparation and routing of Council materials after the RFP proposals have been received, rather than staff and teams using that time to prepare applications to the State. As demonstrated last round, the City would likely be much less competitive for Homekey under this alternative approach.

Due to the lead time required for City Council resolutions, the time it takes to review proposals, and unconfirmed issuance date for the Homekey NOFA, staff does not recommend withholding the approval to apply for Homekey funds until we received project specific approvals from Council. This approach would repeat the challenges of Round 2 and risk Oakland projects missing out on critical Homekey funds.

### **FISCAL IMPACT**

Homekey requires that projects requesting higher than base Homekey subsidy limits per unit must identify matching funds from sources outside of Homekey. As mentioned earlier, most Oakland projects will likely seek matching funds from the City due to high costs of acquisition and construction in the region. The proposed capital match sources for Round 3 Homekey projects include allocation of up to \$21,608,441 of Affordable Housing Impact Fees, Boomerang funds, Excess Redevelopment Bond funds, Low and Moderate Income Housing Asset Funds, and, HOME-ARP funds, described in Table 1 below. Table 1 also shows that the HOME-ARP funds and PLHA funds could be used for operating subsidy as well.

**Table 1: Available Funding- Sources and Uses**

Source	Affordable Housing Impact Fees (AHIF)	Boomerang	Excess Redevelopment Bond Funds (ERB)	Low and Moderate Income Housing Asset Fund (LMIHAF)	HOME Investment Partnerships American Rescue Plan Program (HOME-ARP)	Permanent Local Housing Allocation (PLHA)
<b>Fund</b>	1870	1870	5611 & 5612	2830	2109	2144
<b>Project</b>	1001674	1000386	TBD	TBD	1006277	1006475,
<b>Org</b>	89929	89929	89929	89929	89929	89929
<b>Type of Match</b>	Capital	Capital	Capital	Capital	Capital <u>OR</u> Operating	Operating
<b>Amount</b>	\$4,074,792	\$6,000,000	\$1,490,997	\$5,830,414	\$4,212,238	\$9,464,475
<b>Total Potential Capital Match (AHIF, Boomerang, ERB, HOME-ARP)</b>						<b>\$21,608,441</b>
<b>Total Potential Operating Match (HOME-ARP, PLHA)</b>						<b>\$13,676,713</b>

Staff expects that Homekey funds will be disbursed as grants to projects as they have been in past rounds. We anticipate that projects will also seek City or Oakland Housing Authority matches of operating subsidy. Staff is in coordination and partnership with the Oakland Housing Authority similar to our approach from the last round of Homekey. While in Round 2 last year we allocated up the \$10,000,000 of Homeless Housing, Assistance, and Prevention (HHAP) funds for operating subsidy match, this year we seek to access the first two years of the City’s stream of State Permanent Local Housing Allocation (PLAH) funds totaling up to \$9,464,475 to use in a similar manner. This amount of \$9,464,475 of PLHA funds have been approved by City Council in the Mid-Cycle budget. In addition, HUD has made the HOME-ARP funds flexible to be used as capital or operating subsidy, and we seek that same flexibility for those funds to be used as capital or operating match to respond to the needs of proposed Homekey projects. This potential funding is also presented in Table 1 above. The funding sources are further described in the sections that follow.

*Affordable Housing Impact Fees (AHIF) (Fund 1870, Project 1001674, Org 89929):* The Affordable Housing Impact Fee is assessed on construction of new market-rate housing units including live/work and work/live units per Chapter 15.72 of the Oakland Municipal Code, and is set aside for affordable housing development uses. Funding in the amount of \$4,074,792 has been proposed for this round of Homekey funding.

*Boomerang Funds (Fund 1870, Project 1000386, Org 89929):* In 2002, Oakland established the Affordable Housing Trust Fund (AHTF), codified in Chapter 15.62 of the Oakland Municipal Code (OMC). The AHTF receives its funding from several ongoing revenue streams including the Jobs Housing Impact Fee, the Affordable Housing Impact Fee, and a portion of former redevelopment funds received by the City’s general fund as a taxing entity, known as “boomerang” funds, which the City Council by resolution has set aside for deposit into the AHTF for affordable housing. In 2020, City Council adopted a resolution allocating \$2,000,000 of “boomerang” funds for the rehabilitation of Clifton Hall and closing costs. For this funding cycle \$6,000,000 in Boomerang funds have been proposed.

Excess Redevelopment Bond (ERB) Funds (Funds 5611 and 5612, Project TBD, Org 89929): Per the redevelopment dissolution law, the Oakland Redevelopment Successor Agency (ORSA) was permitted to spend "excess" bond proceeds (i.e. pre-2011 tax allocation bond proceeds). Excess proceeds include future excess bond proceeds or income received on bond-funded projects. This may include land sale proceeds, lease revenue, and loan principal and interest payments. The spending must comply with bond covenants. While these particular bond funds come from the Central District redevelopment project area, redevelopment law allows these funds to be used outside of the project area for affordable housing, since affordable housing anywhere in the City of Oakland is considered a benefit to the Central District project area. ORSA transferred all of its excess bond proceeds to the City in 2013 via a Bond Expenditure Agreement between ORSA and the City. In alignment with the Bond Spending Plan for the use of excess redevelopment bond funds adopted by the City Council on December 15, 2020, through Resolution No. 88459 C.M.S., up to \$3,904,705 has been made available from excess bond fund proceeds for Homekey and other affordable acquisition projects, \$1,490,997 is proposed to be a matching source for this round of Homekey.

Low and Moderate Income Housing Asset Fund (LMIHAF) (Fund 2830, Project TBD, Org 89929): The Low and Moderate Income Housing Asset Fund is a fund required under the redevelopment dissolution law to hold funds (such as land sale proceeds or loan repayments) generated from housing assets (such as land sales or loan repayments) transferred to the City from the former Redevelopment Agency when the Agency dissolved. The current fund balance is from loan repayments received by the City from existing rental or ownership properties and from redevelopment-funded Mortgage Assistance Loans. Funding in the amount of \$5,830,414 has been recommended from the LMIHAF.

HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) (Fund 2109, Project 1006277, Org 89929): On July 5, 2022, City Council will adopt a resolution accepting, appropriating, and allocating Oakland's \$11,325,941 of HUD HOME Investment Partnership Program grant funds from the American Rescue Plan (ARP) Act. HOME-ARP funds must be used to primarily benefit individuals or families from four qualifying populations that all relate to experiencing homelessness.<sup>2</sup> Eligible uses of HOME-ARP funds include affordable rental housing and acquisition and development of non-congregate shelter, which would apply to Homekey acquisitions and rehabilitations/construction. As well, HOME-ARP funds are eligible for operating subsidy. It is recommended that \$4,212,238 be allocated towards this round of Homekey funding.

Permanent Local Housing Allocation (PLHA) (Fund 2144, Project 1006475, Org 89929): In September 2017, the California Legislature approved Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act, which established a \$75 recording fee on real estate documents to increase the supply of affordable housing through the PLHA program, which is administered by the Department. The PLHA program provides a permanent source of funding to counties and

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<sup>2</sup> HOME-ARP funds must be used to primarily benefit individuals or families from the following qualifying populations: 1) Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act ([42 U.S.C. 11302\(a\)](#)); 2) At-risk of homelessness, as defined in section 401(1) of the McKinney-Vento Homeless Assistance Act ([42 U.S.C. 11360\(1\)](#)); 3) Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by the Secretary; 4) In other populations where providing supportive services or assistance under section 212(a) of the Act ([42 U.S.C. 12742\(a\)](#)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability; 5) Veterans and families that include a veteran family member that meet one of the preceding criteria.

cities to help meet the unmet need for affordable housing and increase the supply of affordable housing units.

Under the PLHA program, funding is provided through formula grants to entitlement jurisdictions based on the formula prescribed under federal law for the Community Development Block Grant (CDBG) program over a five-year funding period, as well as through a competitive grant program to non-entitlement jurisdictions. The City of Oakland is an entitlement jurisdiction and is eligible to receive approximately \$9,464,475 for fees collected in years 2019 and 2020, with another \$4,000,000 estimated for 2021; \$9,464,475 of PLHA funds have been approved by City Council in the Mid-Cycle Budget. Under the City Council's approved program for PLHA funds, per Resolution No. 88211 C.M.S., these funds must be used for affordable and supportive housing operating subsidies for people experiencing homelessness, which clearly aligns with Homekey permanent housing projects. The intent and structure of these funds will be similar to the City's allocation of HHAP funds as a capitalized operating reserve for the first two rounds of Homekey (Clifton Hall, Piedmont Place, and Inn by the Coliseum). Staff have been working in earnest to draw down this funding for years 2019-2021 from the State, which requires a new Standard Agreement between the State and the City to no longer include the County; the new Standard Agreement is anticipated in early 2023. Until then, the City seeks Council authority to commit these funds for Homekey projects under the existing Standard Agreement.

### **PUBLIC OUTREACH / INTEREST**

Staff attended the East Bay Housing Organizations (EBHO) Oakland committee meeting on both May 25, 2022 and June 22, 2022 to first announce the City's upcoming plans to release the 2022 Homekey Request for Proposals (RFP) in anticipation of the 2022 Homekey NOFA. Staff held a more targeted feedback session with Homekey sponsors from Round 2 on June 30, 2022. Developers provided feedback on the City's process for Homekey Round 2, offered suggestions for ways to improve it for Homekey Round 3, based on their experience in Oakland and in other jurisdictions. Developers emphasized the need for an expedient City process that would enable applications to be submitted soon after the State's Homekey NOFA release. Developers shared that they valued the City's stewardship and advocacy of projects through the Homekey application process, and that the City's Round 2 efforts to connect sponsors "interested in partnering" with each other, as well as with "interested property owners" did result in many conversations if not successful deals. Staff are planning an early July session for organizations that work with youth aging out foster care and other TAY eligible sponsors.

The City's Homekey page<sup>3</sup> serves as the clearinghouse of Homekey information for the City, includes an opportunity to sign up for email updates, and serves as the application portal for the RFP. In addition, the City's Homekey page provides a list of property owners that are interested in offering their properties for consideration to project teams, which has continued to grow over the past few months with unsolicited inquiries from brokers and property owners. Based on feedback from developers, Staff intend to continue facilitating information sharing amongst interested sponsors and sellers.

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<sup>3</sup> <https://www.oaklandca.gov/topics/city-homekey>



## **COORDINATION**

As Homekey is a cross-agency effort, this report and legislation were prepared in coordination with our partner departments. The Office of the City Attorney was consulted to ensure legality of funding commitment resolutions as well as the two-step resolution process staff is proposing. The Budget Bureau was consulted to confirm funding amounts.

Homekey staff consulted with the Department's attorneys to confirm that this two-step resolution approach is acceptable for the Homekey Round 3 application process. The City has continued to seek out varied and creative sources of additional operating support for Homekey projects, and City staff are coordinating with the Oakland Housing Authority (OHA) to identify operating subsidy to eligible Homekey projects.

## **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The creation of affordable housing positively impacts the economics of a community by ensuring that unhoused residents and residents with lower incomes can attain economic stability and security, improved quality of life, and increased disposable income. Providing more affordable housing across the City through Homekey proposals will result in improved outcomes for Oakland's residents and neighborhoods.

***Environmental:*** The lack of housing options in Oakland worsens air pollution, as community members are forced to drive long distances to their jobs and other resources. Considerable evidence shows that households living near employment-dense areas and transit corridors have lower carbon footprints than those living in less dense areas further from transit. Affordable housing located near transit is particularly impactful, as low-income households are more likely not to own cars if they have access to quality transportation options. The City and the State's Homekey scoring boosts proposals that are near amenities, including proposals within a half mile of transportation stops.

***Race and Equity:*** A formal analysis was not performed by the Department of Race and Equity, but HCDD staff have identified a number of race and equity impacts. The 2022 Point-in-Time count (PIT count) shows that Oakland has the highest concentration of people experiencing homelessness in Alameda County. The 2022 PIT count also showed that homelessness in Oakland has increased over 24% from 2019. The PIT count also shows that Homelessness continues to be experienced disproportionately by Black households. Recent systems modeling work in Alameda County, done in conjunction with technical assistance provided by the U.S. Department of Housing and Urban Development, used a racial equity framework to identify the needs of African Americans experiencing homelessness. Racial disparities were specifically identified in rates of entry into homelessness and rates of return to homelessness. Not surprisingly, permanently deeply affordable housing was identified as one of the primary resources needed to end people's homelessness.

For the three 2020 Homekey projects (Clifton Hall, Inn at Temescal, and Project Reclamation), all referrals for the permanently affordable units come through Alameda County's Coordinated Entry System, with priority for Oaklanders coming out of Project Roomkey shelter-in-place hotels. As of May 2022, approximately 80 percent of 2020 Homekey projects are occupied by Black, Indigenous and People of Color (BIPOC) residents, advancing racial equity goals set forth by the City of Oakland. Black residents make up 70 percent of the City's 2020 Homekey

units, directly addressing the disproportionate effects of homelessness on Black residents, as 70 percent of those who experience homelessness in Oakland are Black. Through the delivery of new homeless units under the Homekey program, the City will create housing that is targeted for those who are unsheltered and with extremely low incomes. The Homekey program presents an incredible opportunity to address racial and economic inequity through rapidly delivering deeply affordable and permanent supportive housing units for Oakland's unhoused residents.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The proposed resolution is not committing the City to any specific projects, and therefore is not subject to CEQA review. The City will make a CEQA determination for all specific projects it approves prior to committing funds, and those commitments will be expressly conditioned on compliance and clearance under CEQA. The City's RFP will require as a threshold requirement that all proposed projects be eligible for a CEQA exemption.

Under the Homekey program, the acquisition and rehabilitation of existing facilities using Homekey funds are statutorily exempt from CEQA pursuant to Health and Safety Code section 50675.1.4, if the project does not increase the existing development footprint by over 10 percent and meets other criteria. Homekey projects may also be exempt from CEQA under CEQA Guidelines 15301 (existing facilities) and 15326 (acquisition of housing). New construction Homekey projects may also be CEQA exempt as infill projects. For projects that are determined to be exempt, the City will file a notice of exemption with the Office of the Alameda County Recorder as required by State regulations.

### **NATIONAL ENVIRONMENTAL PROTECTION ACT (NEPA)**

For any projects receiving federal funds, execution of grant documents or other documents legally committing the City to fund the projects shall be expressly conditioned on compliance with the requirements of NEPA, as certified by the City Administrator.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution:

Authorizing The City Administrator To Apply As A Local Agency Partner For Funds In An Amount Not To Exceed \$200,000,000 For Affordable Housing Development Grants From The California Department of Housing And Community Development's Homekey Program, And Allocating City Capital Matching Funds In A Total Amount Not To Exceed \$21,608,441 And City Operating Matching Funds In A Total Amount Not To Exceed \$13,676,713 For Homekey Projects

For questions regarding this report, please contact Xochitl Ortiz, Housing Development Coordinator, HCDD, at 510-238-7137.

Respectfully submitted,

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