


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION AMENDING RESOLUTION NO. 88283, WHICH, AMONG OTHER THINGS, ACCEPTED AND APPROPRIATED UP TO \$3.15 MILLION, AS A LOCAL AGENCY PARTNER, IN STATE HOMEKEY FUNDS, AND AWARDED A GRANT AGREEMENT TO OPERATION DIGNITY AND DANCO COMMUNITIES (DEVELOPMENT PARTNER) IN AN AMOUNT NOT TO EXCEED \$4.2 MILLION, FOR DEVELOPMENT PARTNER TO ACQUIRE AND REHABILITATE THE INN AT TEMESCAL FOR PERMANENT AFFORDABLE HOUSING, TO:

(1) ACCEPT AND APPROPRIATE UP TO AN ADDITIONAL \$400,000 IN HOMEKEY FUNDS, AS LOCAL AGENCY PARTNER, FOR THE OPERATION OF THE INN AT TEMESCAL FOR PERMANENT AFFORDABLE HOUSING FOR HOMELESS VETERANS, AND

(2) AWARD A GRANT AGREEMENT TO DEVELOPMENT PARTNER, OR AN AFFILIATED ENTITY APPROVED BY THE CITY ADMINISTRATOR, IN AN INCREASED AMOUNT NOT TO EXCEED \$4,600,000 TO ACQUIRE, REHABILITATE, AND OPERATE THE INN AT TEMESCAL.

WHEREAS, the Department of Housing and Community Development (Department) has issued a Notice of Funding Availability (NOFA), dated July 16, 2020, for the Homekey Program (Homekey) pursuant to California Health and Safety Code section 50675.1.1; and

WHEREAS, the Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code); and

WHEREAS, Homekey will make available \$600 million in grant funding to local public entities, including cities, counties, or other local public entities, including housing authorities or federally recognized tribal governments within California to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other buildings and convert them into interim or permanent, long-term housing; and

WHEREAS, of the \$600 million in Homekey grant funds, \$550 million is derived from the State's direct allocation of the federal Coronavirus Aid Relief Funds (CRF), and \$50 million is

derived from the State's General Fund, and, per the federal funding requirements, the CRF must be expended by December 30, 2020; and

WHEREAS, the Department is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code); and

WHEREAS, Homekey will award funds to eligible projects up to \$100,000 “per door”, with additional \$50,000 per door with a 1:1 local match, and an additional \$50,000 per door with a 2:1 local match; and

WHEREAS, Homekey will award funds for a capitalized operating subsidy for up to 24 months; and

WHEREAS, the City has partnered with Operation Dignity and Danco Bay Area Community Services (Development Partner), and successfully applied for Homekey Funds to acquire an existing motel with 22 units, in order to provide housing to person experiencing homelessness or at risk of homelessness, with a focus on unsheltered veterans (the Inn at Temescal Project); and

WHEREAS, the total acquisition cost to the Development Partner for the Inn at Temescal is \$4 million; and

WHEREAS, on August 28, 2020, the City Council passed Resolution No. 88283 C.M.S., which (1) authorized the City Administrator to apply, as a local agency partner, with Development Partner, for Homekey Funds for the Inn at Temescal Project in a total amount not to exceed \$3,150,000; (2) accepted and appropriated up to \$3,150,000 in Homekey Funds, as a local agency partner for capital expenditures for the Inn at Temescal Project; and

WHEREAS, per Resolution No. 88283 C.M.S., contingent upon the award of Homekey Funds for the Inn at Temescal Project, the City Council also allocated \$1,050,000 from Measure KK Tranche 1 (Fund 5331) and/or Measure KK Tranche 2 (Fund 5333) for the acquisition of the Inn at Temescal; and

WHEREAS, the City applied jointly for \$3,150,000 Homekey Funds jointly with Development Partner, and in discussions with the Department, the Department offered to award \$3,150,000 for acquisition of the Inn at Temescal, and an additional capitalized operating subsidy not to exceed \$400,000; and

WHEREAS, the City desires to fund the first year of operating expenses for the Permanent Housing with the anticipated award of \$400,000 in grant funds from Homekey; and

WHEREAS, the City desires to amend Resolution No. 88283 C.M.S. to accept and appropriate the higher award of Homekey Funds for the Inn at Temescal; and

WHEREAS, the City desires to grant the Homekey Funds and Measure KK funds to the Development Partner; now, therefore be it

RESOLVED: That the foregoing recitals are true and correct, and the City Council hereby makes them part of this Resolution; and be it

FURTHER RESOLVED: That the City Council hereby amends Resolution No. 88283 to appropriate up to \$3,550,000 in Homekey Funds and allocate the award to the Inn at Temescal, and authorize and direct the City Administrator or his or her designee to ensure that any Homekey Funds awarded for capital expenditures are spent by December 30, 2020; and that any Homekey Funds awarded for capitalized operating subsidies are spent by June 30, 2022; and be it

FURTHER RESOLVED: That the City Council hereby amends Resolution No. 88283 to authorize the City Administrator or designee to enter into a grant agreement with Operation Dignity and Danco Communities, or an affiliated entity approved by the City Administrator, in a total amount not to exceed \$4,600,000, for the acquisition, rehabilitation, and operation of the Inn at Temescal, for the purposes and with the restrictions described in this Resolution and in Resolution No. 88283.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR,
THAO AND PRESIDENT KAPLAN

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____
ASHA REED
Acting City Clerk and Clerk of the
Council of the City of Oakland, California