

APPLICATION FOR STATE HOMEKEY ROUND 3 FUNDING

CITY COUNCIL MEETING
May 9, 2023



EXECUTIVE SUMMARY



- Homelessness is significant challenge for California, including Fremont
- Council priority
- Major cause of homelessness crisis is shortage of affordable housing
- Homekey presents an unprecedented opportunity to secure significant State funding to provide permanent supportive housing for chronically homeless residents
- Project aligns with Alameda County's Home Together (Homeless Implementation) Plan and opportunities for future County/State funding
- Staff is requesting authority to apply for approximately \$35 million in Homekey funds to convert Motel 6 on Research Avenue to permanent supportive affordable housing

HOMELESSNESS IN FREMONT

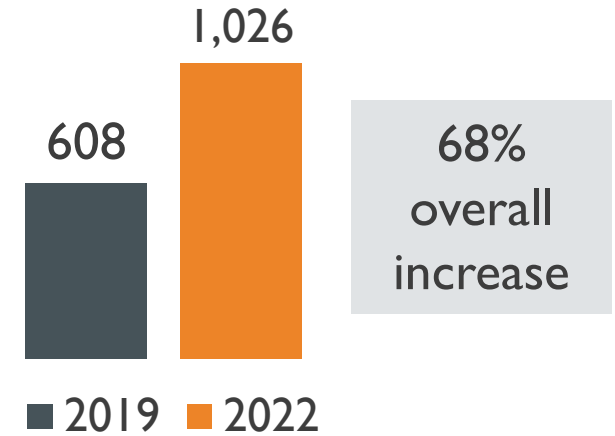


■ Point-in-Time Count (PIT)

- Comprehensive count of people experiencing homelessness

■ Policy Direction from Council

- Shelter emergency declared in 2018
- Council priority for last several years
- Strategic plan consultant selected on May 2, 2023



FREMONT HOMELESS INITIATIVES



- ✓ Winter Relief
- ✓ Clean Start Mobile Hygiene Program
- ✓ Islander Motel Transitional Shelter Program
- ✓ Housing Navigation Center
- ✓ Safe Parking Host Site Program
- ✓ Deployment of portable toilets, hand washing stations, and waste containers (COVID-19 prevention)
- ✓ Coordinated Entry Access Point, and Housing Navigation services
- ✓ Targeted Case Management

FREMONT HOUSING ELEMENT



■ Goals in 2023-2031 Housing Element

- Target (ELI/VLI) = 3,640 units

■ Challenges

- High cost/unit
- Services needed
- Time to construct projects

■ Homekey Aims to Address These Challenges

- Lower cost/unit
- Operating subsidies
- Units available more quickly

*ELI = Extremely Low Income
Up to 30% of area median income

*VLI = Very Low Income
Up to 50% of area median income

2021 CITY REQUEST FOR PROPOSALS

- One proposal (totaling 4 potential sites) from Shangri-La Industries (SLI) and Step Up
- Staff recommended/Council selected Motel 6 site on Research Avenue as preferred location, authorized grant application



HOMEKEY ROUND 3 – MARCH 2023



Homekey Round 3

- \$736 million for California
- \$111 million for Bay Area
- Acquisition, rehabilitation, construction, and other eligible uses
- Over-the-counter application started April 24, 2023; ends July 2023 or until funds are exhausted
- Maximum award per project: \$35 million

PROPOSED PROJECT: MOTEL 6 CONVERSION

- 156 affordable units; 3 units for on-site management
- Existing motel rooms converted to apartments with kitchenettes, ADA upgrades
- On-site supportive services
- New portable structure in parking lot for resident services/activities
- Cost per Unit: \$266,400/ unit
- Ratio of Staff to Tenant: 1:20



CITY FUNDING COMMITMENT – \$8,668,000

City’s Commitment: Operating Funds	\$7,608,000
County HOME American Rescue Plan	\$1,000,000
City – State Permanent Local Housing Allocation	\$400,000
City Low Moderate Income Housing Fund	\$1,250,000
City Affordable Housing Fund (includes 10% contingency)	\$4,958,000
City’s Commitment: Capital Funds	\$1,060,000
City – Federal Community Development Block Grant (CDBG)	\$750,000
City Affordable Housing Fund	\$310,000*

*Back-Stop Funding – To be replaced by CDBG at a later date upon Council approval

EXAMPLES OF SHANGRI-LA & STEP UP HOMEKEY PARTNERSHIPS



- **Step Up in San Bernardino (Round 1)**
 - 77 units of permanent supportive housing for chronically homeless seniors



- **Step Up in Redlands (Round 2)**
 - 100 units of permanent supportive housing for chronically homeless, homeless, and at-risk of homelessness

SITE VISIT TO HOMEKEY PROJECTS



- On May 1, a Fremont delegation visited 2 successful Homekey projects in San Bernardino County
- Key takeaways include 98% tenant retention rate, strong partnership with Police and Fire, and overall improvement to the redeveloped hotel sites and neighborhoods

STEP UP SUPPORTIVE SERVICES & PROPERTY MANAGEMENT

Supportive Services

- On site supportive services at no cost to residents
- Assistance with medical/mental health care, life skills, and job training
- Food programs
- Transportation assistance
- Substance abuse treatment referrals and support
- Representative payee services
- Benefit assistance
- Community building through group activities

Property Management:

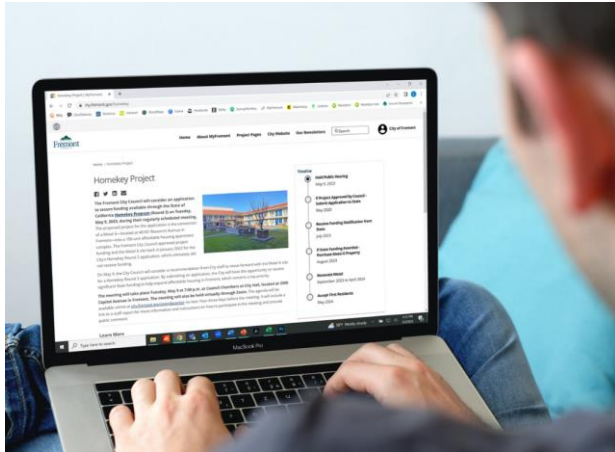
- Processing applicants
- Collecting rents & maintaining property insurance
- Emergency repairs and ongoing maintenance
- Maintaining property cleanliness and security
- Enforcing house rules and lease terms
- Managing disputes or complaints
- Conducting room/property inspections
- Asset management and budget development
- Financial and performance reporting
- Building + neighborhood relationships

TENANT REFERRAL & SELECTION



- Tenants will be referred from Alameda County's Coordinated Entry System
- Robust outreach will be conducted to locations in Fremont with high concentration of unsheltered residents to identify eligible referrals and ensure they have appropriate documents
- Applicants will be assisted through the process by on-site supportive services and management staff

PRE-AWARD COMMUNITY OUTREACH



- Updated City's project webpage for Round 3: city.fremont.gov/homekey
- Shared information on City website, newsletters, interest lists, and social media accounts
- Online discussion forum on MyFremont
- FAQ documents in English, Chinese, and Spanish
- Dedicated email address: homekeyresponse@fremont.gov

POST-AWARD COMMUNITY OUTREACH

Pre-Development

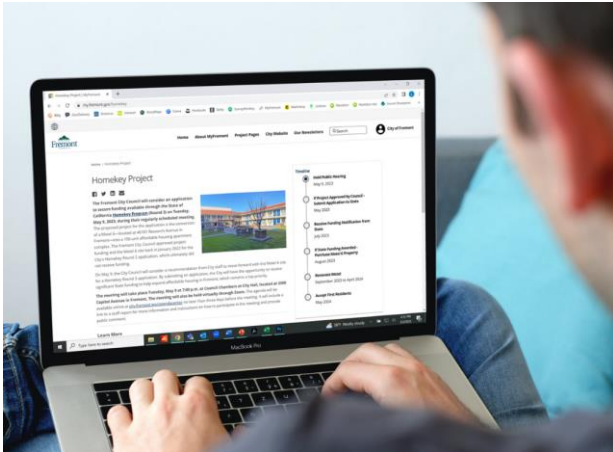
- Partner with local organizations
- Multiple small group meetings
- Solicit input, address questions/concerns

Construction

- “Meet & Greet” meetings
- Digital/print media, signage w/updates
- 24/7 hotline

Operations

- Continue addressing questions/concerns
- Outreach generally winds down after a year of operation



CEQA EXEMPTION

- **Per Health and Safety Code, Homekey-funded projects exempt if:**
 - Prevailing wages/skilled workforce in construction
 - Units are deed-restricted for 55 years
 - Public funds utilized for site acquisition



ANTICIPATED PROJECT TIMELINE



COUNCIL MEETING
MAY 9, 2023



HOMEKEY APPLICATION
MAY 16, 2023



HOMEKEY AWARD
JULY 16, 2023



CONSTRUCTION COMPLETION
APRIL 2024



FULL OCCUPANCY
SEPTEMBER 2024

RECOMMENDATION



- Authorize Homekey application of \$35 million
- Make CEQA exemption findings
- Recognize \$1 million in conditional County funding;
- Conditionally appropriate \$8.668 million in City funding
- Authorize execution of MOU with Shangri-La and Step Up
- Authorize execution of State grant documents

QUESTIONS & DISCUSSION

