

Project Homekey-2

Funding Framework for Supportive Services and for Early Capital Match

Sonoma County Board of Supervisors

Tuesday, October 26, 2021

About CA HCD's Project Homekey-2

- \$1.45 BN in 2021
- Notice of Funding Availability out now
 - First applied, first received (generally)
 - Early application incentives through January 31, 2022
- Local or Tribal Government Sponsor required
- Can convert motels, hotels, apartments, commercial spaces and more or do new construction to provide housing for homeless.
- Bay Area:
 - \$165.3M available for capital (via ARPA funds)
 - \$34.5M available for capital or operations (via CA Gen Fund)
- Another Project Homekey-3 this time next year

Sonoma County Region's PHK-2 Plan

- Cities will submit applications on their own
- County may submit applications as well (i.e. George's Hideaway)
- Critical need – **OPERATIONAL FUNDING**
 - Provide a Funding Framework for sustaining the region's PHK facilities for at least seven years
 - If locals show funding for 4 years, State will provide (some) funding for 3 more
 - State's plan envisions \$33 - \$46.67/person/day
 - But local costs may be >\$80/person/day

The ~\$80/person/day assumption

What's Likely Included

- Utilities
- Maintenance
- Management fees
- Meals
- Laundry
- Security
- Facility management staff
- Some on-site case management

What may not be included

- Intensive behavioral and related health services
 - Served in part by PHK Cohort
- Debt service (not allowed)
- Reserve account deposits (not allowed)

Sonoma County Region's Framework

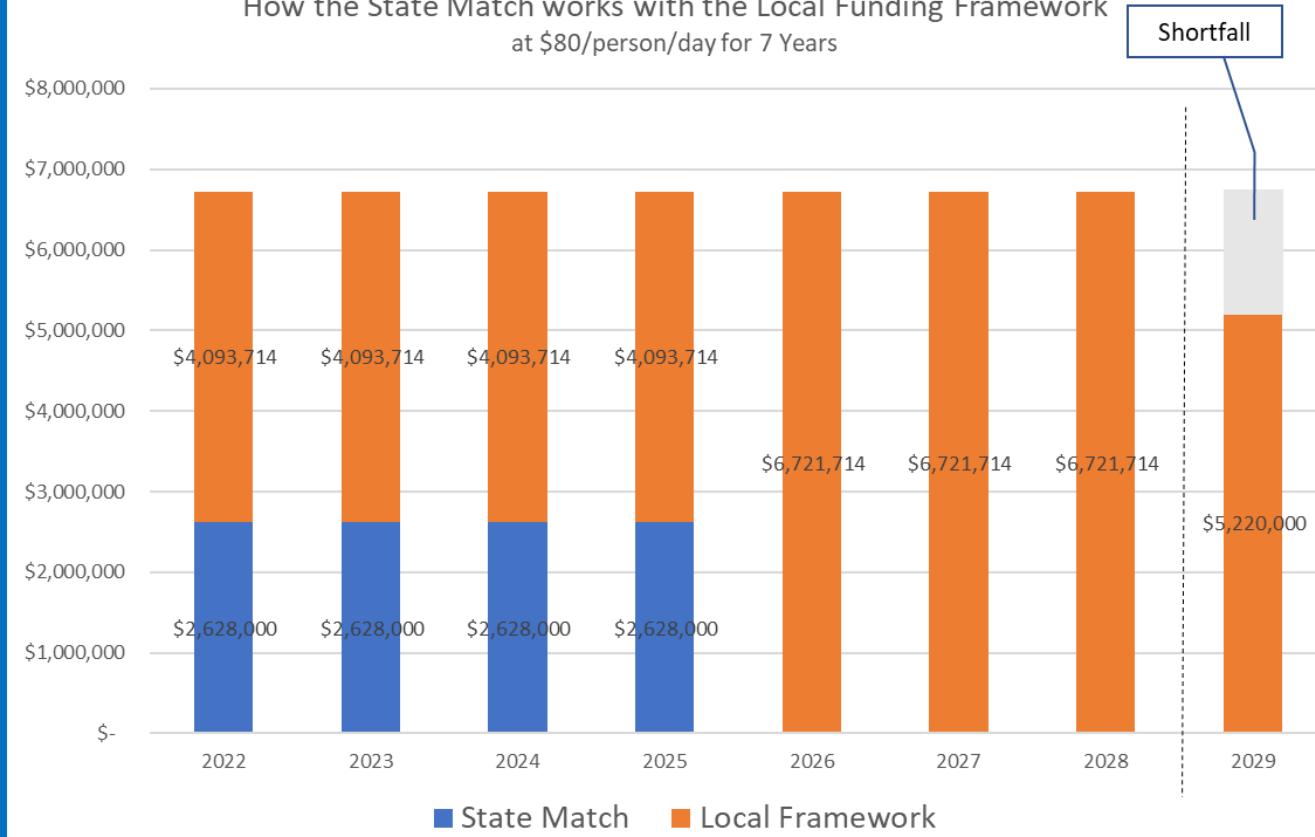
- Assumptions:
 - Region secures 230 beds locally (an optimistic projection)
 - We want the 3-year State match (we must provide 4 years)
 - This is a 7-year funding plan – at Year 8, we'll need to fill a shortfall or transition out of these facilities (new housing units will help)
 - \$80/person/day (@ 230 beds, that's \$6.7M/year)
 - A new DHS Project Homekey Cohort helps provide for high-needs behavioral and related services to the region's PHK projects
 - We focus on regional dollars to fund the Framework, and don't tap into any jurisdiction's General Funds at this time

Proposed Funding Framework

Table 3 Proposed Supportive Services Funding Framework & Early Capital Match			
Source	Est Ongoing Revenue (annual)	One-Time Early Capital Match	Additional Detail
HHAP-3, HHAP-4	\$ 2,200,000	\$ -	\$2.2M from the \$8.5M shared jointly with CoC and County (=\$1.1M ea)
Measure O/PSH	\$ 500,000	\$ -	All of the \$500K allocation for Permanent Supportive Housing
Housing Vouchers	\$ 2,520,000	\$ -	Assumes 150 Sonoma County Housing Authority vouchers valued at \$1,400/mo. These vouchers may not be used in Santa Rosa.
Residual HHAP-1 Funds	\$ -	\$ 1,300,000	From the HHAP-1 County funds - emergency shelter-oriented
Other Capital Sources	\$ -	\$ -	Other sources may be identified that can be used for the Early Capital Match
Total =	\$ 5,220,000	\$ 1,300,000	Note: Other local revenues, including General Fund, may be used by the County and cities to contribute to capital costs or operating costs above \$80/person/day.

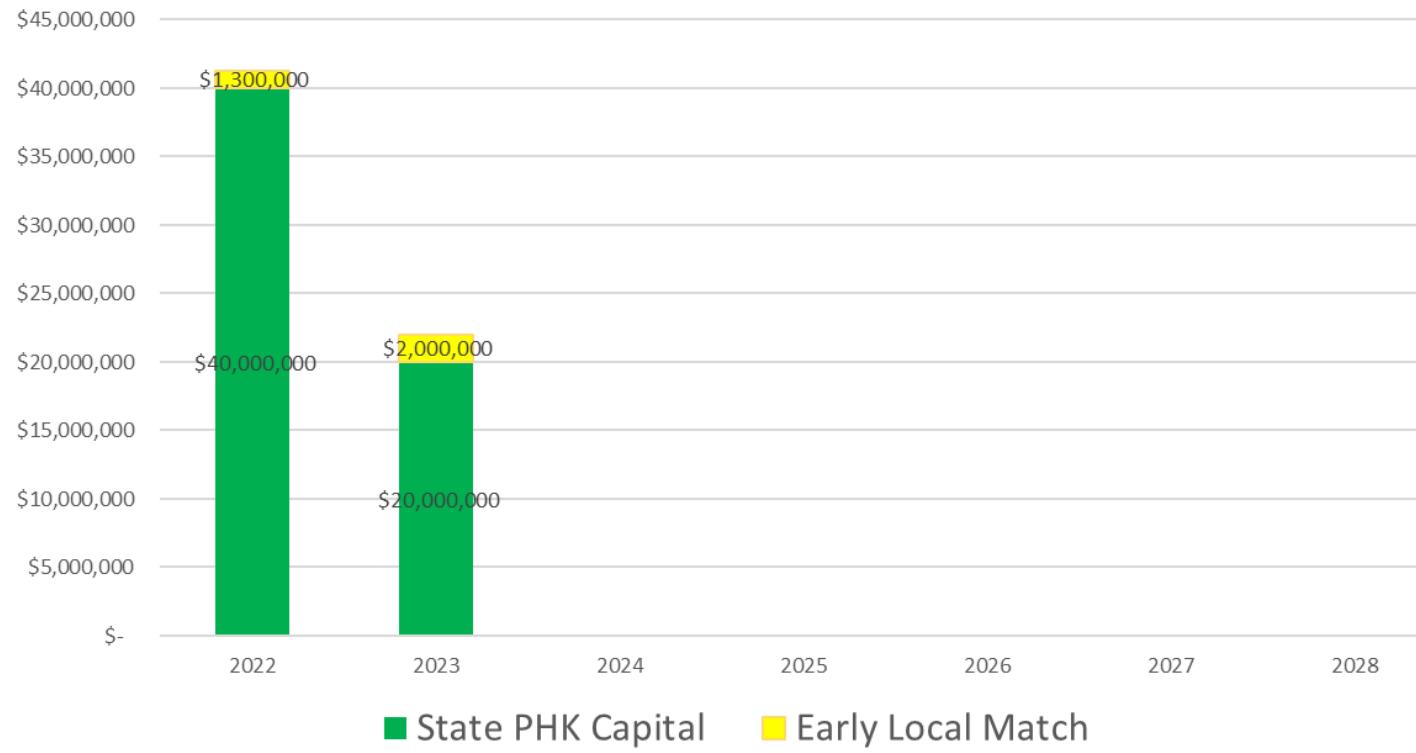
Table 5
Operational Expenses for 230 Regional Beds

How the State Match works with the Local Funding Framework
 at \$80/person/day for 7 Years



During the first four (4) years, as the State dollars are expended as part of the \$6.7M expenses, local dollars of about \$1.5M/year are accrued to use in Years 5-7.

Table 6
Capital Support for Local PHK Projects
How the Early Capital Match
combines with PHK-2 and -3 Capital Funds
(rough estimates/example purposes only)



This chart is for example purposes only, as we do not know how much PHK-2 (or -3) Capital funds the Sonoma County region will secure. Capital from PHK-2 and PHK-3 is expended in the first two years, and the proposed early local match is a small part of that.

Possible Sonoma County PHK-2 Applications

- George's Hideaway
 - 2.04 acres
 - About 1.8 miles SW of Guerneville
 - Asking price: \$849K
 - Partner = West Coast Community Services
 - Model: up to 30 tiny homes or building renovation or both



Possible Sonoma County PHK-2 Applications

- Redwood Inn
 - In unincorporated Santa Rosa
 - On Santa Rosa Avenue, near Costco
 - 23 hotel rooms, 33 RV spaces

Asking price: TBD
Partner = A TAY youth provider plus one other (TBD)
Model: Motel rooms (renovated), tiny homes in RV spaces, some RV parking



Recommended Actions

- A. Adopt resolution re: Funding Framework and Early Capital Match, which includes delegating authority to the CAO to make modifications.
- B. Adopt resolution authorizing the filing of a George's Hideaway project under Project Homekey-2 (and any other project the Board determines)
- C. Approve the use of Measure O funding up to \$500,000 to establish a Project Homekey Cohort under the County's ACCESS Program to provide high-level behavioral health and other services to clients served in Project Homekey facilities;
- D. Direct staff to study and seek an operational partner for a Redwood Inn project that may include an element for Transition Aged Youth (TAY). Seek a 5-year master lease opportunity versus ownership.