



Project Homekey Property Acquisition

City Council

November 17, 2020

Project Homekey

- July 2020 – Governor Newsom announced \$600M in grants for the Homekey Program to further expand housing for persons experiencing homelessness and impacted by COVID-19
- Eligible uses include acquisition and conversion of hotels into interim housing
- Interdepartmental City staff team conducted evaluation of potential sites
- September 2020 – Homekey application accepted and funds reserved for acquisition
- Total cost of acquisition will be \$21M, funded through \$15M in Homekey Funds and \$6M in other grant funds
- Total cost of operations for the first two years will be approximately \$4M, funded through \$2.4M in Homekey Funds and \$1.6M in other grant funds

Site Selection Criteria

- Total number of units
- Physical condition of property
- Proximity to transit, grocery stores, libraries, medical care, employment centers, and other CTCAC score amenities
- Lot size and zoning
- Potential nuisance abatement
- Assessed value of the property
- Ability to later dispose of the asset
- Score achieved under HCD Homekey scoring criteria

1725 Long Beach Boulevard

- City staff identified 1725 Long Beach Boulevard as potential site for conversion to interim housing
- The property includes a 102-room, four story hotel, operated as the Best Western of Long Beach, with parking, fitness, dining, and other amenities
- Located near transit, employment centers, schools, grocery stores, medical care, and permanent supportive housing
- Will serve people experiencing homelessness transitioning to permanent housing solutions



Proposed Terms and Conditions

- City staff negotiated the purchase with the following terms:

Purchase Price:	\$21,660,000
<u>Due Diligence/Closing Fees:</u>	<u>\$ 60,000</u>
Total Acquisition Cost:	\$21,720,000

- Escrow will close by December 18, 2020
- Operations to commence by February 2021



Proposed Terms and Conditions

Acquisition Funding Sources

Department	Amount	Funding Source
Health & Human Services	\$15,337,400	HCD Homekey Grant
Health & Human Services	\$390,000	HEAP Grant
Health & Human Services	\$1,000,000	State CARES Act allocated for Homeless Services
Development Services via Health	\$3,600,000	Federal CARES Act - ESG
Development Services	\$1,392,600	CDBG-CV3
Total:	\$21,720,000	



Population to be served:

- Adults experiencing homelessness with
 - Multiple underlying health issues (at high vulnerability to COVID-19)
 - Match to a permanent housing resource
 - High priority for housing match through the Coordinated Entry System

Support services will include:

- Client-centered case management
- Individual stability plans
- Employment development
- Domestic violence programs
- Stress/anger management
- Health education and wellness
- Referral to mental health treatment

Operations and Services

- Projected opening in February 2021
- City staff expect to temporarily operate the facility while conducting an RFP for a longer-term service provider
- Two years of operations anticipated to cost \$4,000,000
 - Project Homekey offers \$2.4M in operating subsidies for the first two years
 - Remainder of cost funded through existing Continuum of Care grant funds
- Further operations funding to be identified through new and existing grants and other sources
 - Costs will be absorbed into Homeless Services budget and are not expected to impact the City's structural deficit

Operations Funding Sources (2 Years)

Department	Amount	Funding Source
Health & Human Services	\$2,400,000	HCD Homekey Subsidy
Health & Human Services	\$1,500,000	CARES ESG
Health & Human Services	\$100,000	HHAP
Total:	\$4,000,000	

Operations and Services

- Community Meeting will be conducted in partnership with Councilmember Zendejas' office, in order to engage residents, service providers, and experts prior to facility opening
- City Staff will ensure good neighbor policies at the facility, including restricted site access, adequate staff to client ratio, 24/7 security service, pre-screening of residents, etc.
- Maintaining good neighbor policies will be a criteria in selecting the future operator of facility



Thank you

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