



# STAFF REPORT – CITY COUNCIL MEETING

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February 15, 2023

**TO:** Honorable Mayor and City Council Members

**FROM:** David Loya, Director of Community Development

**PREPARER:** David Loya, Director of Community Development

**DATE:** February 08, 2023

**TITLE:** **Adopt Resolution No. 223-39, a Resolution of the Governing Body of the City of Arcata Authorizing Joint Application to and Participation in the Homekey Program and Amending Resolution No. 212-40, and Authorize Amendments to the Standard Agreement.**

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## **RECOMMENDATION:**

Staff recommends the City Council adopt Resolution No. 223-33, a Resolution of the Governing Body of the City of Arcata Authorizing Joint Application to and Participation in the Homekey Program and Amending Resolution No. 212-51, and authorize amendments to the Standard Agreement.

## **INTRODUCTION:**

A successful application for the Grove Apartment Homekey project was made jointly with Arcata House Partnership. The Partnership has developed a limited liability corporation to hold the property, which is The Grove at Valley West llc. The llc will be the party to the Regulatory Agreement that must be recorded against the property. The Department of Housing and Community Development (HCD) requires a resolution by the City Council adding the property owner using their resolution form. In addition, there are other minor changes to the Standard Agreement for the Homekey grant needed to implement to Regulatory Agreement.

## **BACKGROUND:**

On January 8, 2022, the City Council adopted Resolution No. 212-40, which authorized joint application with Arcata House Partnership, the developer of affordable housing. At the time of application for Homekey the entity that would own the property, the Grove at Valley West llc, had not yet been formed and could not be an applicant.

The Regulatory Agreement, which will be in effect for the Homekey project, is recorded against the property and requires execution by the property owner. The Regulatory Agreement must be approved by HCD. To approve the Regulatory Agreement, they require resolutions adding the llc to the executed Standard Agreement 21-HK-17196, at which time they can approve the Regulatory Agreement. The HCD-approved Regulatory Agreement must be recorded by March 28, 2023.

**DISCUSSION:**

The purpose of Resolution No. 223-39 is to document approval of the addition of The Grove at Valley West llc as co-applicant with Arcata House Partnership and the City of Arcata. Although the resolution reads as though application is yet to be made, the form is authorized by HCD Homekey staff.

In addition, this action approves an amendment to the Homekey Standard Agreement reference to income levels so that individuals with income benefits are not prevented from securing housing at these projects. The application was initially made with reference to income level. All households were required to earn less than 50% Area Median Income. The Homekey program does not regulate based on income. Instead, the program is designed to address households experiencing homelessness. Staff recommends the change to the Standard Agreement to allow the program to address homelessness even if the households had income above 50% of the area median.

Lastly, this authorization allows amendment of the Standard Agreement to reflect the actual buildout of units in the Grove project. Prior to Arcata House Partnership purchasing the property, the previous owner identified four rooms as one-bedrooms. In fact, these are studios. The population served is the same, but the room count in the Standard Agreement requires amendment to comport with the as built condition. The Standard Agreement will be revised to reflect 60 units total, 40 of which are for chronically homeless, the remaining 20 units are not restricted to chronically homeless and may be filled by other high-needs homeless individuals.

**POLICY IMPLICATIONS:**

None

**COMMITTEE/COMMISSION REVIEW:**

None

**ENVIRONMENTAL REVIEW (CEQA):**

None. CEQA and NEPA have been completed.

**BUDGET/FISCAL IMPACT:**

None.

**ATTACHMENTS:**

A. Resolution 223-39 (DOCX)