



# STAFF REPORT – CITY COUNCIL MEETING

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November 01, 2023

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

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

**PREPARER:** Susan Diehl McCarthy, Community Development Specialist

**DATE:** September 21, 2023

**TITLE:** **Public Hearing for Closeout of Arcata’s Community Development Block Grant (CDBG) 22-CDBG-PI-00006 Project and Review of Accomplishments.**

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## **RECOMMENDATION:**

It is recommended that the Council:

1. Open a public hearing to consider closeout of the 22-CDBG-PI-00006 Project, including a review of accomplishments; and
2. Direct staff to authorize the City Manager to sign the closeout certification and submit final reports and closeout package to California Housing and Community Development, CDBG Division.

## **INTRODUCTION:**

The purpose of this hearing is to receive public input on accomplishments of the 22-CDBG-PI-00006 Project, and to direct staff to submit the grant closeout package to the State. The City is closing out the CDBG West Village Studios Project, which was partially funded by CDBG Program Income.

## **DISCUSSION:**

The City applied for up to \$2M of Program Income to provide support funding for the West Village Studios Homekey project at 4975 Valley West Boulevard. \$700,000 was allocated to the purchase of the former Red Roof Inn property and structured as a loan to the owner with CDBG and Homekey restrictive affordable housing covenants. West Village Studios is now operating and fully occupied.

While West Village Studios was primarily funded by the State Homekey program, this CDBG support was part of the property acquisition, and an important part of the overall funding structure. The project itself is an exceptional example of supportive housing for people most in need, serving low-income income people who are experiencing homelessness, those who are chronically homeless, and youth at risk of homelessness.

## **ACCOMPLISHMENTS:**

The developer and CDBG loan recipient rehabilitated a 79-unit older motel (the Red Roof Inn) into 78 fully furnished and accessible studio apartments with a manager unit. In addition to a property manager and part-time maintenance staff, a desk clerk is on site 24/7 to assist residents, screen guests, and manage any incidents or lease violations.

The renovated apartment building has several amenities: Secure points of entry, several common areas, including a lounge-style room and exercise room, exterior areas for gardening, a basketball half-court and other exterior exercise equipment, and bike storage.

Tenants are routed to West Village Studios through the Continuum of Care system and the apartments are managed by the developer's property management affiliate. Resident supportive services are provided by Redwood Community Action Agency (RCAA), which also provides referrals for additional services and opportunities. RCAA works out of dedicated office and meeting spaces within the facility, and case management services are provided at no cost to the tenant or West Village Studios.

A certificate of occupancy was issued June 1, 2023, and West Village Studios opened with full occupancy and a waiting list. Three tenants spoke at a ribbon cutting ceremony, each with a different story of how stable housing almost immediately improved their quality of life and opened possibilities for their future.

#### **CDBG CLOSEOUT REQUIREMENTS:**

The City is required to hold a public hearing to discuss grant accomplishments and approve submission of a closeout certification to the State. Program Income public information relevant to the closeout report is available for review prior to the hearing at the Community Development Department office at City Hall.

#### **BUDGET/FISCAL IMPACT:**

A total of \$749,750 in Program Income was expended on this project which includes \$35,750 in activity delivery and \$14,000 in general administration related to City staff time incurred on this project. The loan amount of \$700,000 is subject to repayment under a residual receipts Note executed June 13, 2023, and a Regulatory Agreement recorded June 14, 2023.