



STAFF REPORT – CITY COUNCIL MEETING

January 28, 2022

TO: Honorable Mayor and City Council Members

FROM: David Loya, Director of Community Development

PREPARER: Susan Diehl McCarthy, Community Development Specialist

DATE: January 26, 2022

TITLE: **Adopt Resolution No. 212-40, a Resolution of the Governing Body of the City of Arcata Authorizing Joint Application to and Participation in the Homekey Program and Rescinding Resolution No. 212-23; and Adopt Resolution 212-41, a Resolution of the City Council of the City of Arcata Amending Resolution No. 212-35.**

RECOMMENDATION:

Staff recommends the Council adopt Resolution No. 212.40, a Resolution of the Governing Body of the City of Arcata authorizing joint application to and participation in the Homekey Program and rescinding Resolution No. 212-23; and adopt Resolution 212-41, a Resolution of the City Council of the City of Arcata amending Resolution No. 212-35.

INTRODUCTION:

On December 15, 2021, the City Council adopted Resolution No. 212-23, authorizing joint application with Arcata House Partnership for a \$10,787,000 State Homekey grant to convert 60 existing rooms at the Days Inn to permanent supportive housing for people who are chronically houseless; and further adopted Resolution 212-35 approving a forgivable loan in the same amount. The purpose of this item before the Council is to change the amount of the application and forgivable loan.

BACKGROUND:

Subsequent to the December 15 approval, AHP updated the preliminary project development budget to \$12 million. During the week of January 17 AHP consulted with the CA Department of Housing and Community Development (HCD), which recommended the application be increased to \$19 million to cover potential additional costs.

On Friday, January 21, staff was informed that the preliminary project development budget was updated subsequent to Council approval in December, and that \$19 million is the required amount.

DISCUSSION:

The exceptional rapid response required for applications to the Homekey Round 2 Grant fund has affected how the application develops and how approval processes are managed for co-applicants

and HCD. This additional request for Council action is necessary to better fund the project in this competitive application process, and is not deemed a reflection on the strength of the applicant or application.

Resolution 212-40 approves an increase to the application amount to \$19 million, and rescinds Resolution 212-23 which approved application the lower amount. Resolution 212-41 changes the amount of the forgivable loan from \$10.787 million to \$19 million, and adds a change to the Affordable Housing Plan to include a plan for community outreach.

ATTACHMENTS:

- A. Resolution 212-40 (PDF)
- B. Resolution 212-41 (PDF)