RESOLUTION NO. 22-004

AUTHORIZATION TO SUBMIT JOINT APPLICATIONS TO THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (HCD) FOR HOMEKEY ROUND 2 FOR CONVERSION OF A HOTEL TO PERMANENT SUPPORTIVE HOUSING

FINDINGS

1. WHEREAS, The California Department of Housing and Community Development released a Notice of Funding Availability on September 9, 2021 announcing the availability of approximately $1.45 billion in Homekey Program Round 2 funding to build upon the success of the first round of Homekey to continue statewide efforts to rapidly expand affordable housing options for persons experiencing homelessness or at risk of homelessness and who are impacted by COVID-19; and

2. WHEREAS, the City has identified existing Homekey partners, Shangri-La Industries, LLC (Shangri-La) and Step Up on Second, Inc. (Step Up), as its application partners for a Homekey Program Round 2 application; and

3. WHEREAS, due to the time sensitive nature of the HCD Homekey Round 2 rolling application process, efficient, timely application submission is encouraged including prioritization of project that submit early and before January 31, 2022; and

4. WHEREAS, the City seeks to submit a timely application to the HCD for the Homekey Program Round 2 funding to purchase the Monarch Resort located at 1111 Lighthouse Avenue in the City of Pacific Grove, County of Monterey for interim housing for those experiencing chronic homelessness which would be converted to permanent supportive housing; and

5. WHEREAS, the City and its Homekey partners participated in the required Homekey Round 2 Pre-Application Consultation with the HCD staff and were encouraged to submit an application as soon as possible; and

6. WHEREAS, the governing entities of Step Up and Shangri-La will also approve the HCD Joint Application Resolutions and are facilitating the required due diligence including the appraisals, physical needs assessments, phase 1 environmental reports, and title reports and would own and operate the Properties; and

7. WHEREAS, the City of Pacific Grove has determined that the proposed project, if funded through Homekey, Round 2, would be statutorily exempt from CEQA under the Health and Safety Code Section 50675.1.4 and is also exempt under Public Resources Code 21080.50 related to the conversion of a structure with a certificate of occupancy as a motel, hotel, residential hotel, or hostel to supportive or transitional housing; and
8. WHEREAS, to maximize the operational subsidy from the Homekey Program, local jurisdictions must provide four years of subsidy as a local match; and

9. WHEREAS, there is a need for permanent supportive housing for the chronically homeless as demonstrated by the Continuum of Care’s Point in Time Count; and

10. WHEREAS, this is the most expensive housing development to fund because it serves extremely low-income people (0% to 30% of area median income) needing wrap around services; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

1. The Council determines that each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.

2. The Council authorizes that the Pacific Grove City Council does hereby authorize and direct City staff to submit applications to the HCD for the Homekey Program Round 2 for conversion of the Monarch Resort to permanent supportive housing authorizing the City Manager or designee to finalize a Memorandum of Understanding with Shangri-La and Step Up to be executed by the Mayor.

3. The referenced HCD Resolution to Authorize the Joint Application to and Participation in the Homekey Program and attached Memorandum of Understanding between the City of Pacific Grove, Shangri-La Industries, LLC, and Step Up on Second Street, Inc. are hereby approved and incorporated herein by reference.

4. This Resolution shall become effective immediately following passage and adoption thereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 19th day of January, 2022, by the following vote:

AYES: Mayor Peake, Councilmembers Amelio, Coletti, Poduri, Smith, and Tomlinson

NOES: None.

ABSENT: Mayor Pro Tem McAdams

APPROVED:

[Signature]
BILL PEAKE, Mayor
ATTEST:  
DATED:  1/26/2022

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney