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CITY OF ANTIOCH

EXECUTIVE INN  
HOMEKEY FINANCING

**PRESENTER: JEREE GLASSER-HEDRICK, HOUSING DIRECTOR | April 26, 2022**

# HOMEKEY PROGRAM



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## **Homekey is a new state financing program developed in response to the pandemic**

- It is designed to provide capital to projects throughout California to rapidly expand housing options for households experiencing homelessness or at risk of homelessness
- The Homekey program provides capital and a limited-duration operating subsidy match to a local contribution
- The program has very quick construction and occupancy requirements which make motel conversion sites very competitive for funding

# HOMEKEY FUNDING AVAILIABLE



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## Funding Rounds

- To date, there have been two rounds of funding
  - First round was released in summer of 2021 and included \$600 Million of funding
  - The second round of funding was released in fall of 2021 and included \$1.45 Billion of funding (\$250,000 was funded from general funds)
    - It is closing May 2, 2022
    - They are oversubscribed and plan to fund some projects beyond the \$1.45 Billion
- The third round of funding has been announced for October 2022
  - In the 2021-2022 budget, \$2.2 billion in funding was approved for Homekey
  - There is approximately \$1 billion remaining for projects that were submitted but not funded in the second round and for round three

# EXECUTIVE INN AS HOMEKEY SITE



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## **The Executive Inn is Competitive**

- City conducted an objective evaluation of other potential sites
- The Executive Inn is a competitive site to receive Homekey funding if an application is submitted upon NOFA release (October 2022)
- It can be renovated and occupied within the Homekey timeframe
- The owners of the motel are willing to negotiate a sale in addition to a lease for the non-congregate bridge housing model
- The Bay Area has been allocated Homekey resources in the last two rounds

# EXECUTIVE INN AND PARTNERSHIP



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## **Role of a Developer/Partner is Important**

- Given limited capacity of the City owning and operating long-term affordable housing, inclusion of an experienced developer/partner makes sense
  - Experienced partners aid in meeting threshold requirements and result in developments that have long-term operational and asset management expertise
  - Partners relieve the City of liability regarding property ownership and the obligation of addressing ongoing operational and financial responsibilities
  - City will retain oversight of the developer's obligations and commitments through a regulatory agreement leaving the City with control over the site

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## **A Homekey Award and Local Funding Commitment**

- Homekey provides robust capital and limited operating subsidy, but Homekey does not cover 100% of capital and operating costs of a development
- To leverage the maximum amount of Homekey funding, a local funding commitment is required
- The City will need to provide the difference between the capital and operating costs of the project and what the Homekey Program and the development partner can leverage
- Ownership of the site will greatly reduce cost of development in comparison to the Non-Congregate Bridge Housing model

# LOCAL FINANCING COMMITMENT



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## **Funding from the City will be necessary to make Homekey a success**

- A capital and operating commitment will be necessary
- Both will help leverage Homekey proceeds and create project feasibility
- Assuming an interim site, the capital and 5-year operational costs of the Homekey development are estimated to require \$12.3 million in local resources
  - City commitment could be offset if the selected developer brings resources to the development

# EXECUTIVE INN PARTNER SELECTION



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## **Selection of an Experienced Partner is Critical to Funding and Operating Success**

- City should control the Executive Inn site via lease with option to purchase
- City would release a Request for Proposals (RFP) for the Executive Inn, requesting a site-specific proposal for a developer, owner, and operator
- City should provide reference to a local financial commitment in RFP not to exceed the difference between the cost to acquire, renovate, and operate for 5 years and the estimated Homekey commitment
  - City and developer can work to reduce this commitment by supplanting it with other funding



# NEXT STEPS



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## **Dual Track the Executive Inn as a Non-Congregate Bridge Housing Site and a Fall 2022 Homekey Application**

- Finalize lease negotiations with owner resulting in lease with option to purchase (Non-Congregate Bridge Housing & Homekey)
- Finalize negotiations with BACS (Non-Congregate Bridge Housing)
- Solicit Developer/Partner - (Homekey)
- Obtain Use Permit from Planning Commission (Non-Congregate Bridge Housing)
- Award of lease to Executive Inn, support service contract to BACS, and Developer/Partner Selection (Non-Congregate Bridge Housing & Homekey)
- Necessary improvements completed to occupy (Non-Congregate Bridge Housing)
- Submit a third round Homekey application - October 2022 (Homekey)
- Receive Homekey Award - December 2022 (Homekey)
- Homekey Improvements to be completed August 2023 (Homekey)



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**THANK YOU!**

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