

**STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of April 26, 2022

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

**SUBMITTED BY:** Rosanna Bayon Moore, Assistant City Manager

**APPROVED BY:** Cornelius H. Johnson, Interim City Manager **CHI**

**SUBJECT:** Unhoused Resident Services - Fall 2022 Cycle State of California Homekey Program and Executive Inn Located at 515 East 18<sup>th</sup> Street

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**RECOMMENDED ACTION**

It is recommended that the City Council receive the presentation and adopt the resolution:

- 1) Authorizing the City to pursue State of California Homekey Program funding for housing opportunities associated with the Executive Inn located at 515 East 18<sup>th</sup> Street;
- 2) Pledging the 5 year City commitment of a subsidy estimated at \$12.3 million dollars in local funds; and
- 3) Authorizing pursuit of the public procurement process to identify an experienced developer partner to assist with financing, development, long term ownership and operations of the future Homekey site.

**FISCAL IMPACT**

With Homekey financing, an enforceable funding commitment is required for the first five years of capital and operating expenses incurred over a 15-year time horizon. The enforceable funding commitment is a subsidy that obligates the City to expend local funds that match Homekey resources.

The City's financial commitment is estimated at \$12.3M for interim housing over the first five years of the project. Funding for ongoing operations for the remainder of the regulatory period will need to be identified. To the extent the developer and City can work collectively to secure additional capital and operating funding, the City commitment may be reduced.

A five year projection of the General Fund indicates that expenditure of \$12.3M would deplete the reserves and budget stabilization fund in FY 2027.

At the City Council meeting on April 12, 2022, \$5.7M in American Rescue Plan Act (ARPA) funds were allocated for a two year Non-Congregate Bridge Housing pilot initiative. Reducing the initial lease term would enable the City to apply these funds to the Homekey interim housing model.

### **DISCUSSION**

A presentation on the State of California's Homekey Program was provided to the City Council at a regular meeting on February 22, 2022. At that time, staff was directed to evaluate several scenarios within the context of Homekey financing requirements. The scenarios considered were the Executive Inn, several City owned parcels and a commercial property yet to be acquired. The conclusion of the exercise was that the Executive Inn was the only property that met the aggressive timelines and threshold requirements of the Homekey program should the City wish to move forward with a successful application.

In order to accomplish preparation of a competitive application and prioritize efforts, City staff requests that the City Council consider its position on Homekey financing for the identified location. A presentation has been prepared that captures the following elements that aim to assist with Council deliberations:

1. Revisit of Homekey Program Elements
2. Executive Inn as a Prospective Homekey Site
3. Role of a Developer Partner
4. State Resources & City Commitments
5. Proposed Approach (RFP/RFQ, Product Type TBD, Developer as Future Owner)
6. Next Steps and Rough Timeline

### **ATTACHMENTS**

- A. Resolution
- B. Powerpoint presentation slides
- C. General Fund Projections prepared by Finance Director Dawn Merchant

**RESOLUTION NO. 2022/\*\***

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH  
AUTHORIZING THE CITY TO PURSUE STATE OF CALIFORNIA'S HOMEKEY  
PROGRAM FUNDING, PLEDGE A LOCAL COMMITMENT OF A 5 YEAR SUBSIDY  
ESTIMATED AT 12.3 MILLION DOLLARS AND INITIATE A FORMAL  
SOLICITATION OF A DEVELOPER PARTNER FOR THE SUBJECT PROPERTY  
LOCATED AT 515 EAST EIGHTEENTH STREET IN ANTIOCH, CALIFORNIA**

**WHEREAS**, the City of Antioch is seeking to pursue strategies that both respond to the needs of Antioch's unhoused residents and community concerns about homeless encampments;

**WHEREAS**, on February 22, 2022, the City Council received a presentation regarding potential pursuit of State of California Homekey financing opportunities;

**WHEREAS**, an evaluation of various scenarios ensued to determine alignment with the anticipated Fall 2022 Homekey Program Notice of Funding Availability;

**WHEREAS**, the City previously solicited a Request for Proposals for a Motel Occupancy Agreement Program to Shelter Unhoused Residents and the Homekey requirement of site control can be secured with a lease that includes an option to purchase provision;

**WHEREAS**, the City Council recognizes that an experienced partner is critical to secure funding and supports the formal solicitation of a developer partner to provide housing that addresses unhoused resident needs;

**WHEREAS**, when coupled with an experienced developer partner, the Executive Inn located at 515 East Eighteenth Street is a competitive site for Homekey funding because the property can be renovated and occupied within aggressive State timetables;

**WHEREAS**, once selected, a qualified developer partner would work in collaboration with the City on a Homekey application for funding;

**WHEREAS**, Homekey provides robust capital but limited operating subsidy that will require the City's five year commitment of local resources estimated at \$12.3M;

**WHEREAS**, the City Council acknowledges the critical role of the Continuum of Care and Contra Costa County's Health, Housing, and Homeless (H3) Services Program in pursuing viable approaches to unhoused resident needs; and

**WHEREAS**, the consensus of the City Council is for the City of Antioch to initiate housing opportunities within city limits in coordination with H3.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Antioch hereby authorizes:

1. Pursuit of State of California's Homekey Program Funding;
2. City commitment of an initial five-year pledge of local resources that amount to a subsidy of \$12.3M dollars in local funds; and
3. Staff initiation of a formal solicitation of a developer partner for the subject property located at 515 East Eighteenth Street in Antioch, California.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof, held on the 26<sup>th</sup> day of April 2022, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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**ELIZABETH HOUSEHOLDER  
CITY CLERK OF THE CITY OF ANTIOCH**

**GENERAL FUND PROJECTIONS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
Beginning Fund Balance	\$28,758,798	\$28,758,798	\$28,758,798	\$28,758,798	\$28,758,798
Taxes	52,288,421	54,445,334	56,231,583	58,037,612	59,852,959
Taxes - Measure C	18,000	0	0	0	0
1% Sales Tax	20,083,816	20,850,666	22,266,000	23,049,000	23,775,000
Services Charges/Permits	8,316,553	9,587,022	7,838,119	8,106,403	8,377,961
All Other Revenues	4,041,151	1,919,875	1,420,350	1,420,350	1,420,350
Transfers In	3,679,971	3,722,796	3,808,266	3,966,609	4,125,698
Total Revenues	88,427,912	90,525,693	91,564,318	94,579,974	97,551,968
% Change		2%	1%	3%	3%
Personnel	56,850,463	64,274,909	69,407,156	72,840,419	75,640,100
Services/Supplies/Transfers	35,284,707	30,035,803	28,812,685	30,022,419	31,170,748
Total Expenditures	92,135,170	94,310,712	98,219,841	102,862,838	106,810,848
% Change		2%	4%	5%	4%
<b>Transfer In Budget Stabilization</b>	<b>3,707,258</b>	<b>3,785,019</b>	<b>6,655,523</b>	<b>8,282,864</b>	<b>1,385,762</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,873,118)</b>
<b>Ending Fund Balance</b>	<b>\$28,758,798</b>	<b>\$28,758,798</b>	<b>\$28,758,798</b>	<b>\$28,758,798</b>	<b>\$20,885,680</b>
<b>Committed</b>	<b>1,839,453</b>	<b>2,059,453</b>	<b>2,281,753</b>	<b>2,506,399</b>	<b>2,733,438</b>
<b>Unassigned</b>	<b>\$26,919,345</b>	<b>\$26,699,345</b>	<b>\$26,477,045</b>	<b>\$26,252,399</b>	<b>\$18,152,242</b>
<b>Unassigned %</b>	<b>30.44%</b>	<b>29.49%</b>	<b>28.92%</b>	<b>27.76%</b>	<b>18.61%</b>

**GENERAL FUND PROJECTIONS  
WITH \$12.3M HOMEKEY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
Beginning Fund Balance	\$28,758,798	\$28,758,798	\$28,758,798	\$28,758,798	\$22,764,560
Taxes	52,288,421	54,445,334	56,231,583	58,037,612	59,852,959
Taxes - Measure C	18,000	0	0	0	0
1% Sales Tax	20,083,816	20,850,666	22,266,000	23,049,000	23,775,000
Services Charges/Permits	8,316,553	9,587,022	7,838,119	8,106,403	8,377,961
All Other Revenues	4,041,151	1,919,875	1,420,350	1,420,350	1,420,350
Transfers In	3,679,971	3,722,796	3,808,266	3,966,609	4,125,698
Total Revenues	88,427,912	90,525,693	91,564,318	94,579,974	97,551,968
% Change		2%	1%	3%	3%
<b>HOMEKEY</b>	<b>-</b>	<b>2,460,000</b>	<b>2,460,000</b>	<b>2,460,000</b>	<b>2,460,000</b>
Personnel	56,850,463	64,274,909	69,407,156	72,840,419	75,640,100
Services/Supplies/Transfers	35,284,707	30,035,803	28,812,685	30,022,419	31,170,748
Total Expenditures	92,135,170	96,770,712	100,679,841	105,322,838	109,270,848
% Change		5%	4%	5%	4%
<b>Transfer In Budget Stabilization</b>	<b>3,707,258</b>	<b>6,245,019</b>	<b>9,115,523</b>	<b>4,748,626</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,994,238)</b>	<b>(11,718,880)</b>
<b>Ending Fund Balance</b>	<b>\$28,758,798</b>	<b>\$28,758,798</b>	<b>\$28,758,798</b>	<b>\$22,764,560</b>	<b>\$11,045,680</b>
<b>Committed</b>	<b>1,839,453</b>	<b>2,059,453</b>	<b>2,281,753</b>	<b>2,506,399</b>	<b>2,733,438</b>
<b>Unassigned</b>	<b>\$26,919,345</b>	<b>\$26,699,345</b>	<b>\$26,477,045</b>	<b>\$20,258,161</b>	<b>\$8,312,242</b>
<b>Unassigned %</b>	<b>30.44%</b>	<b>29.49%</b>	<b>28.92%</b>	<b>21.42%</b>	<b>8.52%</b>