

MOTION

In the past four years, the California Department of Housing and Community Development (HCD) released three rounds of Notice of Funding Availability (NOFA) for its Project Homekey Program. The program leverages State and City funds to acquire existing hotels, motels, apartment buildings, and other residential buildings and repurpose them for interim and/or permanent supportive housing (PSH) specifically for people experiencing homelessness (PEH). To date the City of Los Angeles has secured funding from HCD in the amount of \$87.4 million for 10 interim housing projects in Round 1, \$303.3 million for 11 PSH projects in Round 2, and \$65.8 million for 3 interim housing projects in Round 3, for a total of \$456.5 million across 22 projects.

For the fourth funding round, HCD created Homekey+ Program which plans to utilize newly available funding from the approval of Proposition 1 (Prop 1) by California voters in March 2024. Proposition 1 authorized \$6.38 billion in bond proceeds to build behavioral health treatment facilities for people with behavioral health and/or substance use challenges as well as providing housing opportunities for the population of PEH also facing these health issues.

HCD has made \$2.25 billion available from the Proposition 1 funding for Homekey+ to build PSH projects in which units are reserved for PEH facing behavioral health challenges and/or substance abuse disorders. HCD has required that developers must partner with a local jurisdiction in order to apply and receive PHK+ funds. The NOFA for this funding round is expected to be released in December 2024 and the application portal is scheduled to open near the end of January 2025. Applications will be reviewed and approved on a rolling basis until all funds are committed.

The LAHD may select projects to co-apply for Homekey+ funding through a “Call for Projects” process where interested developers may submit their projects for consideration. The “Call for Projects” process is an expedient selection process that generally consists of an information session hosted by LAHD, a summary of project details submitted by the developer, a review of submissions by LAHD staff, a meeting to discuss projects in more detail with developers that meet threshold requirements, and a selection of projects based on criteria designed to highlight the projects most competitive for funding. Based on the information currently available, each co- applicant is only allowed a maximum of four awards regardless of the number of applications submitted.

One of the many eligible uses for this funding is to provide gap financing for shovel-ready projects that have already received funding from HCD and projects that have secured three years worth of operating funds. Several projects within the LAHD pipeline could benefit from additional state funding to close financing gaps.

I THEREFORE MOVE that the Council instruct the Los Angeles Housing Department (LAHD) to:

- Initiate a “Call for Projects” process whereby developers can submit information about projects in order to allow LAHD staff to evaluate projects that qualify for Homekey+ funding to complete their PSH projects within the timeframes required by the State.
- Report back to Council with a list of recommended projects suitable for Homekey+ funding.

PRESENTED BY :

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