

MOTION BY SUPERVISORS HILDA L. SOLIS AND
JANICE HAHN

November 16, 2021

**ALLOCATE HOMELESS HOUSING AND PREVENTION PROGRAM (HHAP)
FUNDING TO SUPPORT CITIES INTERESTED IN PURSUING HOMEKEY FUNDING
FROM THE STATE**

In 2020, the State of California made \$800 million available to support the Homekey Program (Homekey), which provided funding to local jurisdictions to purchase hotels and other properties to be used as interim or permanent housing for people experiencing homelessness (PEH). The County was awarded a total of \$108 million in operating and capital funds through Homekey. The County used the capital funds to purchase 10 properties with a total of approximately 850 rooms. At present, nine of the properties are being operated as interim housing sites, utilizing the Homekey operating funds, and one property has commenced operation as a permanent supportive housing (PSH) site. The Chief Executive Office (CEO) and its partners plan to convert all Homekey properties to PSH during calendar year 2023.

In September 2021, the State of California Housing and Community Development Department (HCD) issued a Notice of Funding Availability (NOFA) for a Homekey Round

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2. Homekey Round 2 makes \$1.4 billion available to local jurisdictions for the development of interim or permanent housing for PEH. Applications to HCD for these funds are due by May 2, 2022. To be eligible for “geographic pools” of funding (funding set aside for specific areas of the state) and bonus funding, jurisdictions must apply by January 31, 2022. In advance of submitting applications for Homekey Round 2 funds, in October 2021, the Chief Executive Office (CEO) released a Request for Statement of Interest (RFSI), seeking potential co-applicants with whom to apply to HCD.

Homekey Round 2 presents an exciting opportunity to increase the supply of interim and permanent housing for PEH in Los Angeles County – a key aspect of the County’s response to the homelessness crisis. A number of cities within the County are supportive of and eager to site housing for PEH within their jurisdictions. This interest on behalf of cities is extremely encouraging and should be fostered by the County to the extent possible.

Homekey Round 2 funding offers considerable capital funding for jurisdictions, including cities, to acquire properties. Through this program, HCD also offers limited operating funding to applicants that can demonstrate an ability to “match” these funds – specifically, applicants must provide at least 3 years of their own operating funding to draw down 2 years of state operating funding or 4 years of their own operating funding to draw down 3 years of state operating funding. For some cities, the ability to provide matching operating funds is a barrier to pursuing Homekey funds to develop housing for PEH in their jurisdictions.

On July 19, 2021, Governor Gavin Newsom signed the fiscal year 2021-22 State Budget Act which included Homeless Housing, Assistance and Prevention (HHAP)

Rounds 3 and 4 formula grant funding as authorized by AB 140 (Committee on Budget, Chapter 111, Statutes of 2021). \$1.0 billion in HHAP funding was approved statewide to be allocated each fiscal year (FY), FY 2021-22 for HHAP Round 3 and FY 2022-23 for HHAP Round 4, to counties, continuums of care (CoC), large cities with populations of 300,000 or more, and tribal applicants. In addition to the County of Los Angeles, the following six jurisdictions are also eligible to receive HHAP grants directly from the State: the cities of Los Angeles and Long Beach, the Los Angeles Homeless Services Authority, the Long Beach CoC, the Pasadena CoC, and the Glendale CoC.

Los Angeles County's total HHAP Round 3 grant will be \$82.33 million, 20% (\$16.46 million) of which the County will receive in early 2022 as an initial disbursement. The County will receive the \$65.87 million balance of its HHAP Round 3 grant in late Summer 2022 after completing the State's application process. The County is eligible to receive an additional \$82.33 million in HHAP Round 4 funds in FY 2022-23 after completing the State's application process. Among the allowable uses of the HHAP funds, are operating subsidies in new and existing affordable or supportive housing units, emergency shelters, and navigation centers.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Direct the Chief Executive Officer (CEO) to allocate up to \$2.5 million from the County's initial disbursement of HHAP Round 3 funds to commit operating funds to cities within the County that are not eligible to receive HHAP funding directly from the state and that are pursuing funding through the State's Homekey Round 2 program to develop or acquire permanent housing for PEH.

2. Direct the CEO to identify up to \$7.5 million in additional funding, which may include but not be limited to HHAP Round 3 or HHAP Round 4 funds, to enable the County to fully commit to providing cities within the County that are not eligible to receive HHAP funding directly from the state with the amount of local funding needed to draw down the State's Homekey Round 2 operating subsidy.
3. Authorize the CEO to execute and/or amend any agreements with cities, that are successful in their applications for State Homekey Round 2 funding, for the funding in Directives #1 and #2.
4. Direct the CEO to report back within 60 days following the May 2, 2022 Homekey Round 2 deadline on the cities that received commitments of operating funding from the County to support their proposed Homekey operations, and of those, the cities that were successful in their applications to the Homekey Round 2 program.

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