

# Mammoth Lakes Town Council Agenda Action Sheet

**Title:** Discuss a potential joint Project Homekey grant application with Mammoth Lakes Housing, Inc.

**Council Meeting Date:** 1/26/2022

**Prepared by:** Nolan Bobroff, Senior Planner / Housing Coordinator

**Recommended Motion:** Discuss the potential grant application and adopt the resolution authorizing the joint application and authorize the Town Manager to sign the Local Match Commitment letter committing up to \$1,000,000 in funding towards the project, or in an amount otherwise agreed upon by the Town Council.

**Summary:** The Homekey Program is a State housing financial assistance program that is intended to rapidly expand the inventory of housing for people who are experiencing homelessness or at risk of homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Homekey is an opportunity for state, regional, and local public entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to Permanent or Interim Housing for the Target Population. The State released the Notice of Funding Availability (NOFA) for Homekey Round 2 in September 2021 and will be accepting applications on a rolling basis until funds are exhausted or May 2022, whichever comes first. The priority deadline, to compete in regional set-asides, is January 31, 2022.

The proposed joint application with Mammoth Lakes Housing, Inc. (MLH) is looking to leverage the Homekey funds to purchase and renovate an existing developed property at 913 Forest Trail. If successful in the grant application, the property would be converted to 15 - 17 studio / 1-bedroom units. The majority of the renovation work will be interior renovations to convert the existing structure to residential apartment units (i.e., kitchens, bathrooms, etc.) and only minor exterior upgrades are being proposed (e.g., convert the spa area to a locker and laundry room). The target population will be one- and two-person households whose income does not exceed 80% of the area median income (AMI) and who are currently experiencing homelessness or are at-risk of homelessness due to the lack of safe, available affordable housing. This group is considered to be the “working homeless population” that does not fit within the traditional HCD definition of homeless, which is generally considered to be households whose income is at or below 30% AMI. Due to the advocacy efforts of MLH and the Town, the State has indicated that this is an eligible use of the funds and that the 30% AMI threshold is not a strict requirement.

The estimated total project cost for the project is \$6.1M which includes acquisition of the property and renovation costs. The following sources of funding have been preliminarily committed to the project:

## State Funds<sup>1</sup>

- Project Homekey Base Award: \$2,700,000 (*State Capital Award per Existing Door of \$150,000 x 18 existing doors*)
- Project Homekey Bonuses: \$280,000 (*Bonus for applying prior to 1/31/2022; Bonus for committing to occupancy within 8 months of award*)
- State Match of Local Funds: \$1,300,000 (*1:1 dollar match of local funds, up to \$100,000 per proposed door [15 doors]*)

## Local Funds

- Town of Mammoth Lakes Commitment: \$750,000 (*plus a temporary loan of \$325,000 to IMACA*)\*
- Mono County Commitment: Up to \$550,000 (*Committed by the Board of Supervisors meeting at the 1/18/2022 meeting*)
- IMACA / Continuum of Care (CoC): \$325,000 (*ESG-CV Grant Funding*)\*
- Mono County Social Services: \$200,000

## TOTAL PRELIMINARILY COMMITTED: \$6.1M

\* The Town has been asked to advance IMACA the \$325,000 prior to the reimbursement by the State of the ESG-CV grant. The \$325,000 combined with the Town's commitment of \$750,000 will come from the \$1M that is being committed to the project.

The Town has identified the \$1.5M in funding allocated to the Private/Public Partnership housing program as a potential source of funds to draw from for this project.

The anticipated timeline for the project is:

- Submit the application by January 31, 2022 (*priority application period ends*)
- Awards are expected to be announced in mid-March
- Expenditure deadline is 12-months from the execution of the Standard Agreement
- Construction commences when the agreement is executed
- Occupancy – Fall 2022

**Recommendation:** Staff's recommendation is to authorize moving forward with the joint application and to allocate up to \$1M towards the project, subject to MLH and the Town being successful in the Homekey grant application and the review by staff of the Phase 1 environmental report, inspection report, and appraisal report to ensure there are no major issues with the structure and/or site. Should the grant not be awarded or should any of those reports identify any unexpected major issues or problems with the structure and/or site, the Town reserves the right to not allocate the funds towards the project.

## ATTACHMENTS

1. Project PowerPoint Slides
2. Resolution

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<sup>1</sup> The need from the State is \$4.2M (*not including the bonus amount*); however, the State recommends identifying an authorized dollar amount in the Resolution that is at least double the anticipated award to allow for changes to the award amount and to avoid having to execute a new resolution. Therefore, the Resolution authorizing the submittal of the application to the State requests an amount not to exceed \$8.4M from the State.