

Episode 16: Project Homekey

Welcome to Dwellings, a podcast from the City of San José Housing Department, where we talk with experts about ending homelessness, building affordable housing, and exploring housing policies at the city and state level. I'm your host Jeff Scott. On today's episode, I'm joined by Consuelo Hernandez, Director of the Office of Supportive Housing at County of Santa Clara, to talk about Project Homekey, A statewide effort to sustain and rapidly expand housing for persons experiencing homelessness or at risk of homelessness.

00;00;33;10 - 00;00;37;19

Jeff Scott: Consuelo, can you tell us about your role as Director of the Office of Supportive Housing?

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Consuelo: Sure. I first have been in my position for a little over two years. I spent the first five of seven years at the county, primarily focused on the development and production of Affordable and supportive housing. And through my promotion, I'm now responsible for overseeing the entire office. And as the C.O.C. Collaborative applicant, it really gives us an opportunity at the county to be responsible for the supportive housing system. So if you think about the continuum of services for people that are vulnerable and unhoused, whether it's somebody who is in crisis or somebody who needs permanent housing, my office is responsible for those various interventions and creating opportunities for the production of interim housing, permanent housing and safe parking programs across the county. So I have the benefit of working with the 15 incorporated cities to advance the goals of the community plan to and homelessness.

00;01;40;06 - 00;01;46;12

Jeff: There may be people in our audience who aren't familiar with that document. Can you give us a brief description of the community plan?

00;01;46;22 - 00;02;50;11

Consuelo: The community plan to end homelessness for those that are not familiar? Is our community wide five-year plan that serves as a roadmap of goals that we were we will achieve over the next five years? There are three strategies, and each strategy has a set of sub goals that are focused on increasing the production of housing, providing rental subsidies and essentially housing 20,000 people that are homeless over the course of five years. It also calls for an improvement to those that are currently unsheltered by expanding our basic needs services and doubling the capacity of our shelter beds on a nightly every night to 20000 to 2000 beds. And then the last is looking at the root causes of homelessness and focusing on reducing the new people who become homeless in our community.

00;02;50;27 - 00;02;58;09

Jeff: I believe the community plan was a collaborative effort. Does this mean the county worked with cities and organizations like Destination Home?

00;02;58;24 - 00;03;42;17

Consuelo: That's correct. So all of the work that comes from the county is really done in collaboration with other cities, nonprofits, community members and others who have a vested interest in addressing the housing and homelessness concerns in our community. So the development of the plan happened before the pandemic, and it included a series of meetings, workshops, education opportunities to the community to share with them what our current strategies are, what the areas of improvements we're looking at and really focus on what are those root causes of homelessness that we can change through policy.

00;03;43;15 - 00;03;52;23

Jeff: Can you help our audience understand what project Homekey is and then explain how Project Homekey fits into the strategies laid out in the community plan?

00;03;53;15 - 00;07;06;04

Consuelo: Sure. Project Homekey is an evolution building on the success of Project Roomkey. So Project Roomkey was created through the Governor's office in response to the pandemic in March 2020. The governor essentially determined that the housing of people that are vulnerable in hotels and other congregate settings to protect them from the possible impacts of COVID was an eligible cost for FEMA. So in partnership with communities in Santa Clara County, great partnership with the city of San Jose, we started at the county to house vulnerable homeless people in this project Roomkey program. Through that, the governor created Homekey, which basically allowed the acquisition of those project Roomkey hotels that were used to housed our vulnerable unhoused population and permanently use them for interim housing or to allow that they be converted into permanent housing. And in July of 2020, the Governor announced the program. He announced the ability to provide up to 1.2 billion derived from the Coronavirus State Fiscal Recovery Fund and issued a notice of funding availability. And the great thing about the Homekey program is it fits perfectly with our strategies to bring people indoors quickly while we're building our permanent housing. And if the opportunity is right to take an existing structure and repurpose it as permanent housing rather than waiting the five years that it typically takes from the time you identify a property for development. So from a strategy perspective, we saw this as the county as a great opportunity to advance our goals and leverage the very unique elements of the Homekey program. So for those folks that don't know and don't understand how development works, there's two key critical components to getting something built and occupied. One is to get it through the land use process, which means the local agency has to approve the project from an

entitlement perspective. The second is to cobble together the financing to build it and operate it. What Homekey did it streamlined the land use process and it provided the capital resources needed to convert the structure With up to three years of operating subsidy. That meant for us that we can quickly invest our local dollars, get something going and within a matter of a year, convert structures into permanent housing, or, in the case of Mountain View, build something from scratch quickly and bring about 80 people indoors that will be connected to permanent housing.

00;07;06;20 - 00;07;26;14

Jeff: If I'm understanding you correctly, Project Homekey will allow cities, counties and local governments to acquire properties like hotels and convert them into housing, and the cities and counties will typically partner with developers to assist with the conversion from the hotel to either interim housing or permanent housing. Is that correct?

00;07;27;06 - 00;08;10;04

Consuelo: That's correct. The Homekey regulations allow three different project types. One is to use as interim housing, and interim housing is a term that is currently being used to mean several things for the state is providing emergency transitional type of housing while people are connected to permanent housing. That's one project type. The other project type is using the building for a number of years as interim housing and then in the future redeveloping it to permanent housing. And then the third is just providing more innovative projects that can serve either purpose.

00;08;10;14 - 00;08;21;01

Jeff: When a Homekey Award is given to a city or county. How quickly does that money have to be invested? And more importantly, how quickly does a project have to be up and running with people living at the site?

00;08;21;16 - 00;10;14;24

Consuelo: Round one Homekey. We were given a very short period of time to operationalize half of the units, so in the Round one Homekey Awards in our community, there were a total of four projects that were awarded to included the use of hotels for interim housing. And those were operationalized very quickly. The acquisition actually had to take place before the end of December 2020, which meant that you received an award and you had about 60 days to buy the property, which is very fast in in our space. Typically, it will take a lot longer in government realm to buy a property. So that was very quick in terms of acquisition. Then you had about six months to complete the improvements and operationalize the building so that half of the units were activated. So it's a very tight timeline and it didn't leave a lot of room for delays, which is both stressful, but I think is responsive to the urgency in our community. So through those four projects, we were able to make a speedy impact in bringing people indoors, in some cases permanently housed and others providing them with interim housing. Round two Homekey has

given us a little more time now. We have basically a year to acquire and to construct or redevelop the the units that are being considered or that we have been awarded. So we have a year to either convert the hotel or a year to build the interim housing that was approved in Palo Alto and San Jose.

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Jeff: Consuelo, how many Homekey awards did our region get in the second round?

00;10;20;21 - 00;11;07;24

Consuelo: Well, Jeff, we were very ambitious. We launched in the summer of 2021. We reached out to all of the cities in our county and had these conversations around a goal of identifying ten projects across the county. We had a referral from our Board of Supervisors asking us to look at an equitable distribution of shelters and housing across the county. We worked with cities, worked with the Housing authority to come up with a list of ten projects. We ended up with eight and of those eight that have been submitted. To my knowledge, six have been approved and we are waiting to hear the other the results of the other two.

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Jeff: Between the first and second rounds of Project Homekey, I believe our region got ten awards. Can you tell us how that stacks up statewide? Does that put Santa Clara County near the higher end recipients?

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Consuelo: Yes, it definitely puts the county on the higher end of the spectrum of awards. So of the six projects that were approved during round two, it totals a little over \$129 million. Just to give you an idea of the magnitude of that investment. Locally, the voters here approved a housing bond measure in 2016 for \$950 million that can be spent over the course of ten years. So being able to leverage this this much state money with these six developments is, I think, a testament to our partnership and the fact that we came prepared with projects that were viable. The community engagement strategy that we deployed with both the cities, the nonprofit developers, our service providers and the neighborhoods, because our projects were so well packaged that I think we made it easy for the state to approve.

00;12;25;11 - 00;12;33;25

Jeff: When you take a project Homekey application to the state for consideration, how does that work? Does a government entity partner with a developer on the application?

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Consuelo: Absolutely. The state requires the applicant to either be a city county government or a city county government in partnership with a partner, and that partner can be a developer or a service provider. And the process requires a resolution from your governing board that they are committed to the project and that they're basically approving the submission of the application to the state.

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Jeff: Of the ten awards our region has received. Can you give us a sense of how they're spread out throughout Santa Clara County?

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Consuelo: So in terms of the geographic distribution of the ten Homekey awards that have been approved in our community, five are in San Jose, two are in Mountain View. One is in Palo Alto, one in the city of Santa Clara and one in Milpitas.

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Jeff: Among those 10 projects you mentioned, how many are hotels or motels?

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Consuelo: Three are what we are referring to as emergency and term housing. These are the structures that are being constructed using modular construction that are being used as a place for people that are low barrier entry. It's kind of the new version of emergency shelter, if you will. The balance are seven of the projects are hotel acquisitions that are being converted. About half are being used as interim housing and the balance are being converted or have been converted for permanent housing.

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Jeff: Consuelo, we've discussed the possible redevelopment of Homekey sites. For example, do you see these seven hotels eventually being redeveloped into permanent housing?

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Consuelo: The opportunity is definitely there to envision the sites beyond. Looking at the current footprint, I think when the sites were identified, we were very mindful of what does it look like 15 years from now when a lot of the supportive housing that's being constructed is built? We've been making a lot of progress in terms of reducing the number of new people that are homeless. Homelessness

prevention system is really tackling that. And so what we looked at is what is the opportunity beyond home? There are a few properties where the footprint of the building does not occupy the majority of the land. And so there is an opportunity to redevelop where you have space on the lot, where the parcel to either build something new and demolish the other improvements and make sure that the people that are staying there are moved to a temporary location and then return back when the redevelopment happens. So we did we were very mindful of what is the long term opportunity given that the state is making resources available to acquire these properties quickly.

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Jeff: Can you talk a little bit about the partners that cities and the county have brought forward with an eye toward potentially redeveloping these sites? Are you looking for partners that have experience with redevelopment?

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Consuelo: When we were identifying the partners, we looked at two things. One was could we bring on a partner that had development experience, meaning that their bread and butter and what they do in their profession, in their organization, is permanent housing development. And the second thing that we looked at, or what are our key service providers that are providing and operating shelters that basically leveraging the expertise from the developer and the expertise from the service provider to develop a team. And in that case, they can leverage and rely on each other's expertise depending on the phase of the construction. So if we take the example of the pavilion in where we have the housing authority Jamboree co-developing the site and they're partnering with the Bill Wilson Center to provide services to the transition HQ, the Wilson Center has limited experience in the development world, but the combination of the Housing Authority and Jamboree bringing in that element so that they can focus on their area of expertise and the service provider can focus on developing a structured services model for the site that can be carried through if it's used as interim or as they're planning for the permanent conversion. So that was our strategy, leveraging each other's resources and expertise to make sure that the sites are operating well and that the people are getting the services that they need.

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Jeff: Can you give us a sense of the early results we've seen from the Homekey awards we've already received? I know we're less than two years into this process. I'd just like to give our listeners some insights into the early results.

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Consuelo: The huge benchmark, I think for us is Hillview Court in Milpitas, which included the conversion of a 143 Extended Stay hotel into a 134 permanent supportive housing units. This site was originally planned to go through a very long general plan process that started maybe in November 2019,

and here we are in September 2022, and the building is fully occupied, 134 units, permanent supportive housing for a project that would have taken us a lot longer had Homekey not come. So now you have 134 people that are permanently housed this building. The other success that I think we have achieved is in the LifeMoves Homekey site in the City of Mountain View. I think that has really given not just the opportunity for people to find temporary shelter while they look for permanent housing. But I think what it's done is given the opportunity to other cities that wouldn't normally be looking at developing temporary housing, for instance. I think that what LifeMoves and the City of Mountain View were able to push rather quickly is now something that other North County cities are interested, so much so that the city of Palo Alto submitted the Homekey around the application and were awarded a community that we don't typically see occupying the space of housing and homelessness has stepped up because I think they see the benefit of a partnership with the county, with the service provider that has modeled this in another city and they are seeing successes at the LifeMove site where people are moving into permanent housing. We made a deal, if you will, with the city and LifeMoves to allocate a few of the units for the county's interim housing program, which is people that are already identified for a permanent housing unit and putting them in there temporarily while their unit is under construction, and that basically there's a guaranteed pathway to permanent housing. So I think seeing those two for me from a county perspective, showing other communities in our county that Homekey is an opportunity and seeing them be interested I think is a success for us.

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Jeff: The example you gave us from Milpitas took about one year to get fully occupied. Can you give us a sense of how long that project would have taken in the absence of Project Homekey.

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Consuelo: Without Project Homekey? We probably would be at this stage just receiving the approval for the general Plan amendment, which means that it would have taken another year to cobble together the financing and then the construction period for this project, which was roughly 12 months. So without the ability to streamline the land use approval for Hillview and the 29.2 million from the Homekey funds that were awarded to the project, it would have been at least another two or three years before we would have been able to operationalize the building.

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Jeff: That's remarkable. You're basically chopping off 75% of the time needed to develop and operationalize that project.

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Consuelo: Yes. I mean, realistically, Jeff, what makes permanent housing take so long, if you will, is every city controls their own land use process. Even with streamlining bills, cities still have to work through

their internal process that even though it's designed to reduce the time, there's still a lot of work, a lot of coordination. And the fastest streamlining land use approval that I've seen is nine months Homekey offered this and it's like overnight you get the award. The award comes and includes this exemption both from secure and the land use. So if you think about even the fastest is nine months here you get the award, you're eligible immediately for the streamlining.

00;22;15;04 - 00;22;22;18

Jeff: Consuelo What's the future of Project Homekey? Is this program going to likely remain in place now that the pandemic has subsided?

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Consuelo: I think the opportunity to leverage these dollars has sparked so much interest in the state that it is highly competitive now and the governor's office has announced Homekey round three. They anticipate that the notice of funding availability, which is the mechanism by which they will accept applications, will be released next spring. And it is less money than we have seen in the previous two rounds and we anticipate that it will be more competitive. So for us here in the county and working with our cities in partnership, I think our strategy needs to be different. Round one, we had a few sites in mind. We submitted four applications. We were awarded in round two. We thought, let's submit as many applications as we can set a goal of ten identified. I think with round three we have to think more strategically and look at where are the gaps that we are seeing in our community. Is it looking at interim housing for seniors? Is it looking at interim housing for survivors of gender based violence? Where are the gaps in the system and maybe pick just a few projects? Because I think it's going to be very competitive. And one of the lessons learned from round two is if you don't have that guarantee for Homekey, the project really can't move forward. And so there has to be a backup plan. If we're pitching a Homekey application and it may not be funded, then we need a plan.

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Jeff: Consuelo You've been dealing with issues related to homelessness for many years. Have you ever seen an opportunity for citizen counties like Project Homekey, or is this unique in your experience?

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Consuelo: That's a great question. I think there have been other opportunities to advance our collective goals quickly, but I do think that there's something special and unique about Homekey. And what I mean by that is you have communities across the state that are vying to get awarded Homekey. Maybe it's because it gives our elected officials a little more coverage because it's a by right entitlement that comes through the Homekey. For us, we have seen it mostly as an opportunity to leverage dollars that would otherwise not be coming to our community. So in the 20 years that I've been working in local government, this is by far the most unique program, and I think it has given us the opportunity to work

together towards one common goal leveraging the maximum amount of dollars to get the most either beds for shelter or units that can be converted into permanent housing that will help us return our community goals.

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Jeff: Before we wrap up, can you tell us how the county of Santa Clara and the City of San Jose have been collaborating on Project Homekey, both in terms of the strategy and the selection of specific sites?

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Consuelo: Absolutely. We have a standing partnership with the City of San Jose's Housing Department that originates back in the summer of 2016, where we issued in partnership with the housing authority what we called a super NOFA. At the time, the city brought their capital dollars, the housing authority brought vouchers. The county brought the support of services, and that was the launching pad for our partnership. Our staff meet biweekly, go through the pipeline. So there's common goals that we've developed about producing housing shelters. Homelessness prevention. Street outreach. That it feels like we're one team and we really took this challenge on of leveraging Homekey together. So some of the ways that we've partnered, when the city was hosting their community engagement meetings, for instance, somebody from our team was there ready to answer questions, ready to tackle on the challenges that come with this work so that people on the staff side don't feel like they're alone in trying to push these developments forward. We also planned on the financing side. So what does it look like for the long term financial viability of these sites? How can we leverage funding? How do we leverage each other's resources, expertise? And I think that's why we have such a robust pipeline of projects that will be viable in the long term from a financial perspective.

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Jeff: Thank you so much for your time today, Consuelo, and thank you for sharing your expertise with us. It's always a pleasure to talk with you.

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Consuelo: Thank you, Jeff. My pleasure.

00;27;15;05 - 00;28;16;20

Jeff: Thanks so much Consuelo, for joining me on today's episode. To learn more about Project Homekey, please visit the State website at <https://www.hcd.ca.gov>. Thanks for listening to Dwellings, the City of San José Housing Department podcast. Our theme music is "Speed City," composed and performed by Ettaine Charles. Thanks to San José Jazz for letting us use your music. If you like the show,

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