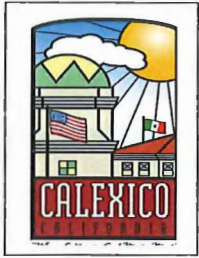


**AGENDA
ITEM**

8



CITY COUNCIL AGENDA STAFF REPORT

DATE: April 20, 2023

TO: Mayor and City Council

APPROVED BY: Esperanza Colio Warren, City Manager

PREPARED BY: City Attorney's Office

SUBJECT: Approval of a Resolution to Correct a Previous Application Resolution Related the Homekey Program: (I) Authorizing Application to the Homekey Program, Retroactive to August 11, 2020; (II) Finding Such Actions to be Exempt from Review Under the California Environmental Quality Act

=====

Recommendation

Approval of a Resolution to correct a previous application resolution related the Homekey Program: (I) Authorizing Application to the Homekey Program, retroactive to August 11, 2020; (II) finding such actions to be exempt from review under the California Environmental Quality Act

Background:

On December 10, 2020, the City Council approved the City participation in Project Homekey; however, the approval resolution contained authorization that was limited to the City Manager at the time Miguel Figueroa. There are administrative changes needed to the Standard Agreement to correct the authorized representative, APN, and project address. The California Department of Community and Economic Development (HCD) is requesting an updated resolution authorizing the City Manager by title-only or authorize the City Manager by title and name and in addition to correct the APNs listed in the current resolution to match the title report; APN 058-356-007 to 058-346-007, and add the 18 Lincoln Street, Calexico, CA 92231 address.

Discussion and Analysis:

In order to avoid non-compliance with program requirements, resulting in negative points to the City and the developer that would negatively affect future applications for funding with HCD, the City must submit an amended resolution. Once the amended resolution is received, the Department of Housing and Community Development will amend the Standard Agreement to

**AGENDA
ITEM**

update the Authorized Representative, correct APN from 058-356-007 to 058-346-007, and add the 18 Lincoln Street, Calexico, CA 92231 address.

Fiscal Impact:

None.

Coordinated With:

City Manager
City Attorney's Office.

Attachment(s):

1. A Resolution of the City Council of the City of Calexico, California, (I) Authorizing Application to the Homekey Program, Retroactive to August 11, 2020; (II) Finding Such Actions to be Exempt from Review Under the California Environmental Quality Act.

RESOLUTION NO. 2023-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA, (I) AUTHORIZING APPLICATION TO THE HOME KEY PROGRAM, RETROACTIVE TO AUGUST 11, 2020; (II) FINDING SUCH ACTIONS TO BE EXEMPT FROM REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the City of Calexico, California ("City") is a municipal corporation, duly organized under the California Constitution and laws of the State of California; and

WHEREAS, the California Department of Housing and Community Development ("HCD" or "Department") has issued a Notice of Funding Availability ("NOFA"), dated July 16, 2020, for the Homekey Program ("Homekey" or "Homekey Program"). The Department has issued the NOFA for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assem. Bill No. 83 (2019-2020 Reg. Sess.), § 21.)

WHEREAS, HCD is authorized to administer Homekey pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey funding allocations are subject to the terms and conditions of the NOFA, the application for Homekey grant funds, the Department-approved STD 213, Standard Agreement ("Standard Agreement"), and all other legal requirements of the Homekey Program; and

WHEREAS, on July 27, 2020, the City Council issued Resolution No. 2020-45, unanimously approving the conditional use permit application of Mirka Investments, LLC, a California limited liability company ("MirKa"), to develop a project consisting of (i) conversion of forty-three (43) hotel rooms at the Hollies Hotel, located at 801 South Imperial Avenue, Calexico, CA 92231 (APN: 058-346-001) (the "Hotel") and (ii) rehabilitation of the adjacent existing sixteen (16)-unit apartment complex, located at 18 Lincoln Street, Calexico, CA 92231 (APN: 058-346-007), into a 59-unit, professionally managed, deed-restricted affordable senior living facility (the "Project"); and

WHEREAS, on August 11, 2020, the City and MirKa applied, as co-applicants, to HCD for Homekey grant funds to fund the Project, which is titled "**Hollie's Affordable Housing**" (the "Application Date" and the application, the "Application"); and

WHEREAS, on October 8, 2020, HCD approved the Application; and

WHEREAS, since approval of the Application, MirKa engaged Roben LLC, a California limited liability company ("Roben"), to be the lead developer, Project financier and guarantor, application consultant for phase 1 of the Project, which includes initial rehabilitation and capitalization with Homekey funds, and ultimate operator of the Project; and

WHEREAS, on or about December 4, 2020, HCD provided a draft Standard Agreement, to which HCD, the City, MirKa, and Roben are all parties, which provides for grant funding in a total amount not to exceed \$6,657,266 to be used for capital expenses, including but not limited to acquisition and conversion of the Hotel to affordable housing, and operating subsidy; and

WHEREAS, participation in the Homekey Program requires no matching funds or will otherwise have any negative fiscal impact on the City;

WHEREAS, the Standard Agreement, in accord with the Homekey Program, requires the Project to be utilized as permanent affordable housing for households that are experiencing homelessness or that are at risk for homelessness, and, because of that and for other reasons, are or have been impacted by the COVID-19 pandemic; and

WHEREAS, a condition of HCD's disbursement of grant funds is the submission of an authorizing resolution from the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALEXICO, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Findings. The City Council finds that all of the preceding background facts are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

SECTION 2. Authorization to Submit Application. The City is hereby authorized, retroactive to the Application Date, to submit an Application to HCD in response to the NOFA, dated July 16, 2020, and to apply for Homekey grant funds in a total amount not to exceed \$6,657,266. That amount includes \$5,300,000 for capital expenditures (as allowed under Health & Saf. Code § 50675.1.1(a)(1)-(6)), and \$1,357,266 for a capitalized operating subsidy (as allowed under Health & Saf. Code § 50675.1.1(a)(7)).

SECTION 3. Authorization and Direction to Spend Grant Funds. The City is hereby authorized and directed to ensure that any Homekey grant funds awarded by HCD for capital expenditures are spent by December 30, 2020, and that any Homekey grant funds awarded by HCD for a capitalized operating subsidy are spent by June 30, 2022.

SECTION 4. Authorization to Enter into, Execute, and Deliver Homekey Documents. The City Manager is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement, subject to the approval of the City Attorney, in a total amount not to exceed \$6,657,266, and do any other act, including but not limited to entering into, executing, and delivering any and all other documents (subject to the approval of the City Attorney), required or deemed necessary or appropriate to secure the Homekey funds from HCD and to participate in the Homekey Program, and all amendments thereto (collectively, the "Homekey Documents").

SECTION 5. Acknowledgements. The City acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

SECTION 6. CEQA. The City Council finds that this Resolution and actions approved herein are not subject to the California Environmental Quality Act ("CEQA"), because the above-described authorizations are not "projects" as defined in State CEQA Guidelines Section 15378, and even if the actions described herein were projects, they would be categorically exempt from CEQA review pursuant to State CEQA Guidelines Section 15301, which excludes the repair, maintenance, or minor alteration of existing facilities, including interior or exterior alterations involving such things as interior partitions, plumbing, and electrical conveyances that involve negligible or no expansion of use.

SECTION 5. Certification. The City Clerk shall attest and certify to the passage and adoption of this Resolution and it shall become effective immediately upon its approval.

[signatures on next page]

PASSED, APPROVED and ADOPTED this 20th day of April, 2023.

Raul Ureña, Mayor

ATTEST:

Gabriela T. Garcia, City Clerk

APPROVED AS TO FORM:

Carlos Campos, City Attorney
Best Best & Krieger LLP

STATE OF CALIFORNIA
COUNTY OF IMPERIAL) ss.
CITY OF CALEXICO

I HEREBY **CERTIFY** that the foregoing Resolution No. 2023-XX was duly adopted by the City Council of the City of Calexico at a special meeting thereof, held on the 20th day of April, 2023, by the following vote of Council:

AYES:

NOES:

ABSENT:

Gabriela T. Garcia, City Clerk