

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

August 19, 2025

FROM

CARRIE HARMON, Director, Community Development and Housing Department

SUBJECT

Resolution and Agreements for the Homekey Program, Round 3, TAY Tiny Home Village

RECOMMENDATION(S)

1. Ratify the execution of the Conditional Award Commitment for the Homekey Program, Round 3 with the State of California Department of Housing and Community Development, for the TAY Tiny Home Village Project, in the amount of \$5,826,222.
2. Adopt **Resolution No. 2025-183** amending Resolution No. 2023-127 to authorize the increase of the Homekey Program, Round 3, grant award, from \$5,330,664 to \$5,826,222, for the TAY Tiny Home Village Project.
3. Approve Homekey Program Indemnification **Agreement No. 25-634**, including non-standard terms, with Family Assistance Program for the TAY Tiny Home Village Project, at no cost to the County, for the term of August 19, 2025, through August 18, 2057.
4. Approve Housing Development Grant Fund Bridge Loan **Agreement No. 25-635**, including non-standard terms, with Family Assistance Program, for a short-term bridge loan at a 3% annual interest rate, for pre-development and construction activities, in the amount of \$2,000,000, for the term of August 19, 2025, through January 19, 2026.
5. Approve the use of \$2,000,000 from the Supporting Vulnerable Populations Reserve to cashflow the TAY Tiny Home Village Project with repayment from Community Development and Housing Department when Homekey Program funds become available from the State of California Department of Housing and Community Development.
6. Authorize the Chief Executive Officer, Assistant Executive Officer, or Director of the Community Development and Housing Department to execute any subsequent non-substantive amendments to the Homekey Program Indemnification and the Housing Development Grant Fund Bridge Loan Agreements, including escrow instructions and documents necessary for the administration, release, and reconveyance of the bridge loan, subject to review by County Counsel.
7. Direct the Director of the Community Development and Housing Department to transmit any subsequent non-substantive amendments to the Homekey Program Indemnification and the Housing Development Grant Fund Bridge Loan Agreements to the Clerk of the Board of Supervisors within 30 days of execution.
8. Authorize the Auditor-Controller/Treasurer/Tax Collector to post the necessary budget adjustments, as detailed in the Financial Impact section (Four votes required).

(Presenter: Carrie Harmon, Director, 382-3983)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES:

Promote the Countywide Vision.

Create, Maintain and Grow Jobs and Economic Value in the County.

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**Ensure Development of a Well-Planned, Balanced, and Sustainable County.
Provide for the Safety, Health and Social Service Needs of County Residents.
Pursue County Goals and Objectives by Working with Other Agencies and Stakeholders.**

FINANCIAL IMPACT

Approval of this item will result in the use of additional Discretionary General Funding (Net County Cost). This item recommends the use of \$2,000,000 from the Supporting Vulnerable Population Reserve to be utilized to cash flow the development of the TAY Tiny Home Village Project (Project). The \$2,000,000 will be provided as a short-term bridge loan at a 3% annual interest rate. This approach is necessary to ensure the Project meets critical State-imposed deadlines and to avoid jeopardizing the conditionally awarded Homekey Program funds. Repayment of the bridge loan will occur upon receipt of the Homekey Program award of \$5,826,222. The Homekey Program does not require a local funding match for this award. Of the total Homekey funds, \$4,717,422 is allocated for construction costs and \$1,108,800 is designated to operate the Project.

In addition to the Homekey grant, Family Assisted Program (FAP) has secured \$1 million from the Yuhaaviatam of San Manuel Nation and \$30,000 from Southwest Gas. Together, these funds cover the full construction cost of the Project, totaling \$5,747,422

Approval of this item authorizes the Auditor-Controller/Treasurer/Tax Collector to post the following budget adjustments necessary to the Community Development and Housing Department (CDH) 2025-26 budget to fund the Project:

Cost Center/Fund	Commitment Item/GL	Description	Action	Amount
6210002496	53003205	Public Assistance	Increase	\$2,000,000
6210002496	40909975	Operating Transfers In	Increase	\$2,000,000
1161161000	55305030	Operating Transfers Out	Increase	\$2,000,000
1000	37008587	Fund Balance Committed Supporting Vulnerable Populations Reserve	Decrease	\$2,000,000

BACKGROUND INFORMATION

The Homekey Program Indemnification Agreement with FAP authorizes the disbursement of \$5,826,222 in Homekey Program funds upon receipt from State of California Housing Department of Community Development (HCD) and indemnifies the County throughout the Project's performance period, which covers a total of 32 years, comprising of 30 years to meet the Homekey requirements plus two additional years for construction and stabilization, effective August 19, 2025, through August 18, 2057. To support compliance with HCD's ambitious construction completion deadline of May 6, 2026, this item also requests approval of the Housing Development Grant Fund Bridge Loan Agreement for a \$2,000,000 short-term bridge loan. The Homekey funds will be used to modernize and expand an existing youth drop-in center, along with creating 22 new housing units in the City of Victorville.

On March 29, 2023, HCD released a Notice of Funding Availability for the Homekey Program, Round 3, allocating \$736 million to rapidly expand housing for individuals experiencing or at risk of homelessness. Recognizing the acute need for youth-specific housing solutions, HCD designated 10% of the funding specifically for projects serving at-risk and homeless youth.

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On July 11, 2023 (Item No. 19), the Board of Supervisors (Board) approved and authorized the submission of a joint grant application with FAP to HCD for the Homekey Program Round 3 funding in the amount of \$5,330,664, as part of the application requirements, the Board also adopted Resolution No. 2023-127 for the Project located at 16857 C Street in Victorville.

The high desert region faces significant homelessness challenges, with the 2024 Point-in-Time Count documenting 851 unsheltered individuals, representing 20% of the county's total unsheltered population. Within Victorville alone, 326 individuals lack housing on any given night. Currently, the city has no interim housing options specifically designed for transitional age youth aged 18-24 years (TAY), a population that demonstrates better outcomes in youth-centered housing and programming environments.

The need extends throughout the County's school-age population. According to the most recent data from the 2021-22 school year, 24,388 K-12 students in the county were identified as homeless or lacking secure housing, representing 6.2% of total enrollment, approximately one in 16 students. Among these students, 89.5% are living double- or tripled-up in homes due to economic hardship, 5.5% live in motels, 3.0% live in shelters, and 2.0% live unsheltered in cars, parks, or campgrounds. This underscores the critical gap in youth-focused housing solutions throughout the region.

FAP brings nearly 40 years of experience of serving county's most vulnerable populations. As the County's only licensed youth shelter provider, FAP operates emergency shelters for runaway and homeless youth ages 11-17 years, including Our House (Mentone), My Place (Victorville area), and Welcome Home (San Bernardino). With over 65 staff members serving more than 2,400 people annually, FAP has established a proven track record of responsible fiscal management and effective programming, including successfully reunifying homeless youth with their families.

The Project is a dedicated interim-housing program designed to provide safe, stable, supportive shelter for TAY experiencing or at risk of homelessness. The Project involves the rehabilitation of an existing commercial building currently used as a youth drop-in center. The renovations to the youth drop-in center will include the addition of eight private bedrooms, six full bathrooms, a commercial kitchen, and laundry facilities. In addition to these improvements, the Project will also add seven prefabricated duplex housing units, bringing a total of 22 new housing units available to county residents. The development is designed to provide a comprehensive array of wrap-around services through FAP's evidence-based models.

Utilizing a Housing First framework and youth-centered case management, the program will engage participants in individualized goal setting focused on education, employment, life skills, and overall wellness. A critical component of these services includes developing a viable housing plan to support each youth's transition into permanent housing. The enhanced drop-in center will also offer educational support, career development opportunities, recreational programming, and health navigation services to further promote stability and independence among TAY residents.

On May 6, 2025, HCD issued a Homekey Program Conditional Award Commitment for the Project totaling \$5,826,222. Due to HCD's requirement for execution within 10 days of issuance, the Chief Executive Officer executed the commitment under the authority previously granted by the Board on July 11, 2023 (Item No. 19) and in accordance with County Policy No. 5-13. Ratification of this execution is now required as the final award amount of \$5,826,222 exceeds

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the \$5,330,664 authorized under County Resolution No. 2023-127. Additionally, HCD has mandated that the County adopt another Resolution reflecting the increased award amount before HCD will proceed with preparing the Standard Agreement.

As co-applicants under the Homekey Program, HCD requires both the County and FAP accept joint and several liability for all program performance requirements throughout the 30-year Homekey Program performance period. To help protect the County's interests and ensure compliance with Homekey Program requirements, the County will enter into a 32-year Homekey Program Indemnification Agreement with FAP, which includes two additional years for construction and stabilization. The agreement will be null and void if HCD does not disburse the Homekey Program funds for the Project.

The Project must meet HCD's accelerated construction completion deadline of May 6, 2026. To achieve this timeline, the County will provide FAP with a short-term bridge loan through the Housing Development Grant Fund Bridge Loan Agreement. The loan will be from the County's Housing Development Grant Fund, at a 3% annual interest rate for pre-development and construction activities. The term of the short-term loan agreement will be effective August 19, 2025, through January 19, 2026. FAP will repay the bridge loan with Homekey Program grant funds, an approach that has been reviewed and approved by HCD. All accrued interest will be forgiven if the loan is repaid by January 19, 2026.

Recommendation No. 6 requests authorization for the Chief Executive Officer, Assistant Executive Officer, or Director of the CDH to execute future non-substantive amendments to both the Homekey Program Indemnification Agreement and the Housing Development Grant Fund Bridge Loan Agreement. This authority, subject to County Counsel approval, will include all documents necessary for ongoing administration of the bridge loan, release of security instruments upon repayment, and reconveyance of collateral once obligations are satisfied.

The Homekey Program Indemnification Agreement and the Housing Development Grand Fund Bridge Loan Agreement include terms that differ from the standard County contract terms as follows:

The agreements do not require FAP to meet the County's insurance standards as required pursuant to County Policy Nos. 11-05, 11-07 and 11-07SP.

- County policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and as set forth in County policy and in the County standard contract.
- Potential Impact: The County may be financially responsible for claims that may arise under the agreements that exceed FAP's insurance limits, which could result in expenses to the County that exceed the total agreements amount.

Due to the significant financial impact of high insurance costs on project viability. CDH recommends approving the non-standard insurance terms in the agreements. The recommended modifications include reducing Commercial, General, and Automobile Liability coverage from standard requirements of \$10,000,000 per occurrence to \$3,000,000 per occurrence and Continuing Products/Completed Operations Insurance from \$3,000,000 per occurrence to \$1,000,000 per occurrence. These modifications will prevent prohibitive insurance expenses that could jeopardize successful project implementation.

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CDH will return to the Board to accept Homekey Program funding upon receipt of the Standard Agreement from HCD.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on July 23, 2025; Risk Management (Gregory Ustaszewski, Staff Analyst, 386-9008) on July 24, 2025; Auditor-Controller/Treasurer/Tax Collector (Charlene Huang, Auditor-Controller Manager, 382-7022) on August 5, 2025; and County Finance and Administration (Allegra Pajot, Administrative Analyst, 388-0218) on July 22, 2025.

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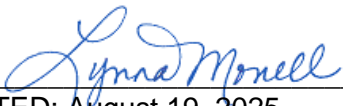
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: August 19, 2025



cc: CDH - Harmon w/agree
Contractor - c/o CDH w/agree
File - w/agree
MBA 08/20/2025