

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

February 9, 2021

**FROM**

**CASONYA THOMAS, Assistant Executive Officer, Human Services**

**SUBJECT**

First Amendment to Homekey County Grant Agreement with Shangri-La Industries, LLC, 450 G Street, LP, and Step Up on Second Street, Inc.

**RECOMMENDATION(S)**

1. Approve **First Amendment** to Homekey County Grant **Agreement No. 20-1229** with Shangri-La Industries, LLC, 450 G Street, LP, and Step Up on Second Street, Inc. modifying the Financing Plan and Schedule of Performance for the All-Star Lodge project with no changes to the County Grant amount and term of agreement.
2. Authorize the Chairman of the Board of Supervisors or the Chief Executive Officer, upon consultation with County Counsel, to make any necessary non-substantive modifications and approve and execute all ancillary documents required for the amendment.
3. Direct the Chairman of the Board of Supervisors or Chief Executive Officer, to transmit all documents in relation to the amendment to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: CaSonya Thomas, Assistant Executive Officer, 387-4717)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Provide for the Safety, Health and Social Service Needs of County Residents.**

**Pursue County Goals and Objectives by Working with Other Agencies.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). No additional funding is required for this amendment. Funding for the Homekey County Grant Agreement for the All-Star Lodge project is 100% funded by State Homeless Housing, Assistance and Prevention (HHAP) grant in the amount of \$3,473,191 and by the California Emergency Solutions and Housing (CESH) grant in the amount of \$1,526,809. Adequate appropriation and revenue have been included in the Office of Homeless Services 2020-21 budget and will be included in future budgets.

**BACKGROUND INFORMATION**

In July 2020, the State of California Housing and Community Development Department (HCD) issued a Notice of Funding Availability for the Homekey Program to create housing for homeless and at-risk of homeless individuals and families and who are impacted by the COVID-19 pandemic. The County, in its partnership with the Homekey Program housing developer, Shangri-La Industries, LLC., 450 G Street, LP, and Step Up on Second, Inc. (Developer), received an initial \$4,940,000 of State grant funds to acquire 450 N. G Street in the City of San

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Bernardino with the requirement to create 76 “doors” of initially interim housing that will eventually be converted to permanent housing.

On December 22, 2020, the County was notified by the State Department of Housing and Community Development, that the All-Star Lodge Homekey project was eligible to receive an additional \$3,440,000 of State Homekey Grant funds. On December 23, 2020, the County and the Developer executed Amendment No. 1 to the State of California Homekey Grant Standard Agreement for the additional funds. The additional State Homekey funds were used to reduce the debt payment on the purchase of the property and to pay for other acquisition costs. The First Amendment to Homekey County Grant Agreement (First Amendment) modifies the County Grant Agreement to incorporate this increase in Homekey Grant funding. By reducing the monthly debt payment due under the acquisition and construction loan, from \$249,702 to \$160,368, the project net revenue will increase and the operational viability will be extended from 8 years to 9.5 years.

The First Amendment also updates the Financing Plan to recognize the positive results of the additional grant resources. The initial Homekey Grant funds from the State were not adequate to fully fund the purchase of the property. The Developer is required to use the additional funds to pay down the acquisition portion of the loan. The updated Financing Plan, which includes \$10,204,000 of State Homekey Grant funds (\$8,380,000 capital and \$1,824,000 operating subsidy) and \$5,000,000 of County Homekey Grant funds result in project viability for the target population of approximately 9.5 years.

The target population for the All-Star Lodge Homekey project includes seniors age 55 and older, homeless households impacted by or at-risk of COVID-19, former participants of Project Roomkey, households below 30 percent of the area median income, with prioritization given to residents of the City of San Bernardino. According to the 2020 Point-In-Time Homeless Count, the residents of the City are disproportionately affected by homelessness.

There are a number of items in the Schedule of Performance that require updating to reflect the timetable associated with the project.

On August 6, 2019 (Item No. 13), the Board approved the acceptance of a grant award from the State of California Department of Housing and Community Development in the amount of \$1,459,234, for the CESH Program.

On March 10, 2020 (Item No. 25), the Board approved the acceptance of a second grant award from the State of California Department of Housing and Community Development in the amount of \$835,737, for the CESH Program. The CESH funding is to be utilized to address the needs of homeless individuals and families. This second round of funding was to be used to expand and continue CESH established eligible activities.

On May 19, 2020 (Item No. 36), the Board approved the acceptance of a grant award from the State of California Homeless Coordinating and Finance Council in the amount of \$2,845,118, for the HHAP. The HHAP funds were made available to support regional coordination and provide immediate assistance to people experiencing homelessness in the region.

On August 11, 2020 (Item No. 23), the Board approved and authorized the Chief Executive Officer to submit a County-led Homekey Program, non-binding application to the California

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Department of Housing and Community Development to provide housing for individuals and families experiencing homelessness or at risk of experiencing homelessness and who are impacted by the COVID-19 pandemic.

On September 15, 2020 (Item No. 39), the Board adopted Resolution No. 2020-171 authorizing the submission of an application for the Homekey Program and authorizing the Chairman of the Board or Chief Executive Officer to execute the application and documents for participation, as required by HCD. The Resolution, upon application approval, authorized the County to enter into, execute and deliver the grant agreement, and any other document required to secure Homekey funds and participate in the Homekey Program.

On September 29, 2020 (Item No. 31), the Board approved the Memorandum of Understanding No. 20-940 between the County of San Bernardino, Shangri-La Industries, LLC, and Step Up on Second, Inc. outlining the respective roles and responsibilities of the parties for the All-Star Lodge Project to provide interim to permanent housing to individuals experiencing homelessness or at risk of homelessness and impacted by COVID-19, under the State's Homekey Program.

On December 15, 2020 (Item No. 44), the Board approved the Homekey County Grant Agreement with Shangri-La Industries, LLC, 450 G Street, LP and Step Up on Second, Inc. in an amount not to exceed \$5,000,000 for operating costs of the All-Star Lodge hotel/motel in the funding amounts of \$3,473,191 of HHAP grants and \$1,526,809 of CESH grants.

**PROCUREMENT**

N/A

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on February 5, 2021; Finance (Chris Lange, Administrative Analyst, 386-8393) on February 2, 2021; and Community Development and Housing Agency (Dena Fuentes, Deputy Executive Officer, 387-4335) on February 5, 2021.

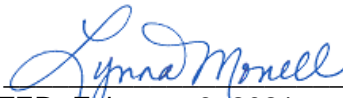
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Record of Action of the Board of Supervisors  
County of San Bernardino

**APPROVED (CONSENT CALENDAR)**

Moved: Joe Baca, Jr. Seconded: Janice Rutherford  
Ayes: Col. Paul Cook (Ret.), Janice Rutherford, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: February 9, 2021



cc: HS - Hernandez w/agree  
Contractor - C/O HS w/agree  
File - w/agree  
CCM 02/19/2021