

PROJECT ROOMKEY AND PROJECT HOMEKEY

Background

On March 4, 2020, Governor Newsom declared a state of emergency to facilitate the state's response to the global COVID-19 outbreak. On March 12th, the Governor signed Executive Order N-25-20, which directed the California Health and Human Services Agency (HHS) and the state Office of Emergency Services (CalOES) to identify and make available hotels and other similar facilities to be used as temporary residences for quarantining and treating individuals who have tested positive or have a high-risk exposure to COVID-19.

On March 17, 2020, the Governor signed SB 89 (Committee on Budget and Fiscal Review, Chapter 2, Statutes of 2020), which provided \$150 million in current-year General Fund monies to support state and local governments in protecting the health and safety of people experiencing homelessness in response to COVID-19. Of this funding, \$100 million was allocated to the Homeless Coordinating and Financing Council to provide funding to local governments, including large cities, counties, and continuums of care. The remainder was allocated to the Department of Social Services (DSS) to support the use of hotel/motel occupancy agreements, self-contained trailers, and core operating support services associated with emergency placements.

On March 18, 2020, the Governor signed Executive Order N-32-30, which authorized local governments to expand emergency shelter and isolation capacity for people experiencing homelessness during the COVID-19 pandemic.

Project Roomkey

On April 3, 2020, Governor Newsom announced a new initiative, "Project Roomkey," to provide up to 15,000 hotel and motel rooms for individuals experiencing homelessness in California to protect them and the public from COVID-19. By providing non-congregate shelter options for individuals experiencing homelessness, Project Roomkey gives people who are experiencing homelessness, have been exposed to COVID-19, or who are experiencing homelessness and are at high risk for medical complications should they become infected, a place to recuperate and safely quarantine outside a hospital.

Project Roomkey is administered by DSS, working in partnership with the state Department of General Services (DGS), the California Businesses, Consumer Services, and Housing Agency (BCSH), and CalOES. Under Project Roomkey, state and local governments receive up to 75% cost-share reimbursement from the Federal Emergency Management Agency (FEMA) for hotel rooms, motel rooms, and self-contained trailers, as well as wraparound supports such as meals, security, and custodial services. (California was the first state to obtain FEMA funding for efforts to protect individuals experiencing homelessness, from COVID-19.) Local governments can also draw on the \$150 million provided by SB 89.

Under Project Roomkey, the state provides dedicated support teams to counties, including assistance in identifying hotels, negotiating and executing operating agreements, and providing technical assistance to local providers in maintaining records necessary to receive federal reimbursement. Local governments are responsible for identifying which shelter clients or encampment residents are selected for these hotel isolation placements and transporting them to the hotels for intake.

Project Homekey

On July 16, 2020, Governor Newsom announced “Project Homekey” as the next phase in the state’s response to protecting Californians experiencing homelessness who are at high risk for serious illness and are impacted by COVID-19. Project Homekey provides \$600 million in grants to counties, cities, and other government entities, including housing authorities or federally recognized tribal governments within California. These funds may be used to purchase and rehabilitate housing, including hotels, motels, vacant apartment buildings, and other types of innovating housing, and convert them into permanent, long-term housing for people experiencing or at risk of homelessness. To help spur these efforts, the Legislature passed AB 83 (Committee on Budget, Chapter 15, Statutes of 2020), which provides an exemption from the requirements of the California Environmental Quality Act (CEQA) for site acquisition for Project Homekey.

Initial funding for Project Homekey was provided primarily through the federal Coronavirus Aid Relief Funds (CARES) Act (\$550 million), with the remainder allocated from the General Fund (\$50 million). On October 23, 2020, the Governor announced that the Joint Legislative Budget Committee had approved his request for an additional \$200 million in CARES Act funds to fund approximately 20 additional Homekey projects on a waitlist. This brings the total funding for Homekey to \$800 million. Earlier in October, the Governor announced a partnership with Enterprise Community Partners, a nonprofit dedicated to developing affordable housing, to distribute \$45 million in funding (\$20 million from Blue Shield of California and \$25 million from Kaiser Permanente) to support operating subsidies for Homekey projects.

All awards stemming from CARES Act funds had to be spent by December 30, 2020, pursuant to federal requirements; the \$50 million in General Fund monies must be spent by June 30, 2022. Applicants must demonstrate a five-year commitment to provide operating funds for the proposed project. The first two years of operating funds may include an award from the \$50 million in General Fund monies; matching contributions may come from federal, state, local, and private sources. Project Homekey is administered by the state Department of Housing and Community Development (HCD), which, along DGS, provides technical assistance to help local governments apply for funds in a timely manner to meet the abbreviated deadlines.

HCD began accepting applications for Project Homekey on July 22, 2020. Project Homekey funds were awarded as follows:

- First phase (September 14th): \$76.5 million to seven jurisdictions for 10 projects (579 units).
- Second phase (September 20th): \$236 million to 12 jurisdictions for 20 projects (1,810 units).
- Third phase (September 28th): \$137 million to 15 jurisdictions for 19 projects (938 units).

- Fourth phase (October 9th): \$147 million to 12 jurisdictions for 20 projects (1,109 units).
- Fifth phase(October 16th): \$31 million to three jurisdictions for three projects (210 units).
- Sixth phase (October 23rd): \$81 million to five jurisdictions for six projects (430 units).
- Seventh phase (October 29th): \$130 million to nine jurisdictions for 17 projects (982 units).

Awarded funds totaled more than \$835 million to 48 applicants (93 projects), resulting in 6,055 units. The statewide average cost to Project Homekey is \$139,000 per unit.

The 2021 budget agreement (AB 140, Committee on Budget, Chapter 111, Statutes of 2021) included an additional \$1.45 billion in grant funding for Homekey, which consists of \$1.2 billion in federal funds under the American Rescue Plan of 2021 and \$250 million in General Fund monies. HCD began accepting applications for this second round of Homekey funding in September; funds are available on an over-the-counter basis (rather than a competitive basis) until May 2022, unless funds are exhausted before that date. Capital funds must be expended within eight months of the award date and all funds must be spent by June 30, 2026.