

Frequently Asked Questions \$750 Million Coronavirus Relief Fund (CRF) Allocation— Project Roomkey

Can state and/or local governments purchase and retain hotels and motels purchased using CRF funds?

Based on federal guidance to date, CRF can be used to purchase assets by December 30, 2020, as long as the purpose is to respond to and mitigate the effects of Coronavirus Disease 2019 (COVID-19). The government would retain these assets if the purchase was consistent with the limitations on the eligible use of funds provided by section 601(d) of the Social Security Act.

States and local governments may acquire assets, such as hotels and travel trailers, to care for homeless populations to mitigate effects of COVID-19 and enable compliance with public health precautions, including social distancing, quarantine, and isolation requirements.

Will the Administration be advancing any changes to law to assist locals to purchase hotel and motels?

Yes, there will be trailer bill language to reduce barriers for locals to acquire properties, and in some cases rehabilitate hotels and motels to safely house homeless individuals during the COVID-19 pandemic. It will also include language to assist the Department of Housing and Community Development (HCD) to develop emergency regulations and guidelines to streamline the grant process, given the time constraints of the CRF funds.

How will these funds be distributed?

Funding will be distributed as over-the-counter grants from HCD, which will issue a Notice of Funding Availability and grant funds to those cities and counties that meet program requirements and have the most feasible plans for acquiring hotels/motels by the December 30, 2020 deadline.

Will there be a local match?

HCD will review project applications, looking for feasible plans, including the ability to sustain operations.

When will funding be released, and will it need to be spent or encumbered in some way by December 30, 2020?

The CARES Act requires CRF funds to be spent, not merely encumbered by December 30, 2020. HCD will work with locals to release funds for property procurements as soon as is practicable beginning July 1, 2020.

Project Roomkey is currently reserved for those persons experiencing homelessness who are deemed most at-risk of COVID-19 exposure. Will this same restriction apply to properties procured on a permanent basis with the \$600 million?

Funds will be used to create a pipeline of stable housing options for vulnerable homeless persons at high risk of experiencing or spreading COVID-19. The acquisition and rehabilitation of hotels/motels, many of which are already being used to temporarily shelter homeless persons, will help create a pipeline that will prevent homeless persons from returning to homelessness after the public health crisis ceases.

Are board and care facilities eligible for CRF funds through Project Roomkey?

The intent of the \$600 million in Project Roomkey CRF funds is to secure stable housing options for vulnerable homeless persons at high risk of experiencing or spreading COVID-19. Board and care facilities will require on-going funding for services and support for which the CRF funds are not intended be used.

Can we use CRF for ongoing operations? Capital improvements?

The CRF funds for Project Roomkey are one-time in nature. Consequently, ongoing expenses such as operations costs are not an appropriate use of these funds. However, capital improvements for acquired facilities may be an appropriate use, as will be determined by HCD on a case-by-case basis.

Is this funding limited to properties currently participating in Project Roomkey?

No. Sites currently not a part of Project Roomkey may be eligible; however, given how quickly the state must expend funding, we are encouraging existing relationships and acquisitions conversations that may have already occurred with current Project Roomkey sites.

How will the state assist locals in the acquisition process?

The Administration will engage with willing counties to begin working on potential acquisition deals. HCD will work closely with the Department of General Services (DGS), building on the effective work around state excess sites, in order to engage counties and existing Project Roomkey hotel/motel owners directly on facilitating acquisitions.