

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 1, 2020**

TO: Honorable Mayor and City Council

VIA: Bob Nisbet, City Manager

FROM: Matthew Chidester, Deputy City Manager
Victor Gaitan, Management Analyst

TITLE: PROPOSED ACQUISITION OF THE COASTSIDE INN BY THE COUNTY OF SAN MATEO FOR USE AS AN EMERGENCY HOMELESS SHELTER

RECOMMENDATION:

Receive a report on the County's proposed acquisition of the Coastside Inn, located at 230 Cabrillo Highway S, in Half Moon Bay, for use as emergency shelter for homeless residents on the Coastside during the COVID-19 pandemic, and future uses to be determined.

FISCAL IMPACT:

Although the proposed acquisition will be funded by the County, the City will be impacted financially. By converting the hotel from visitor serving accommodations, transient occupancy taxes (TOT) will no longer be collected by the City. In addition to lost TOT revenue, the City will lose property tax and sales revenues, with a total overall expected revenue loss of \$250,000 annually. The City and County are in negotiations to mitigate these financial impacts, if the County proceeds with the acquisition.

STRATEGIC ELEMENT:

This proposed acquisition of the hotel to provide housing for individuals experiencing homelessness supports the *Healthy Communities and Public Safety* and *Infrastructure and Environment* elements of the Strategic Plan.

BACKGROUND:

The COVID-19 pandemic has exacerbated existing community needs and inequalities. In many communities, homelessness was already experienced disproportionately by race and other protected classes, and persons experiencing homelessness are at great risk of infection and death due to COVID-19. In response, San Mateo County, in partnership with community-based homeless service providers, implemented new homeless shelter services in the form of hotel-based non-congregate shelter programs, to provide additional shelter capacity for vulnerable people experiencing homelessness during COVID-19 who are at risk of severe illness if they

were to contract COVID-19. The State has provided funding and technical assistance related to non-congregate shelter programs via an initiative known as “Project Roomkey”.

In San Mateo County, there are two Project Roomkey non-congregate shelter programs serving vulnerable people experiencing homelessness, both of which are on the bayside of the County. Clients in this program receive case management and other supportive services from one of the homeless shelter providers: LifeMoves, Project WeHOPE, or Samaritan House. This program includes individuals who had been staying in one of the congregate shelters and were moved into this program in order to have a safer sheltering environment and allow the existing shelter sites to reduce the number of clients being served at the shelter location and thus, facilitate social distancing at all shelters. In order to ensure integration with the overall homeless crisis response system these programs are accessible through the County’s Core Service Agencies, as the coordinated entry points for homeless services.

Meanwhile, the local hospitality industry has suffered financially from the pandemic, and the Roomkey program provided some relief through the County’s use of emergency funding to secure hotel rooms to provide shelter to those affected most by the pandemic. Those efforts have resulted in a heightened awareness of the County’s housing shortages and importance of increasing available housing for the most vulnerable County residents. To help address this issue, the County has been coordinating to identify hotels and similar facilities throughout San Mateo County that might be purchased and converted to temporary and/or permanent housing opportunities. At the time of this report the County indicated that it was in escrow to purchase three hotels in cities along the bayside of the Peninsula.

On the Coastsides, the County identified two hotels, the Coastsides Inn and the Quality Inn, as potential sites for acquisition and use to alleviate homelessness and impacts of COVID-19. On November 19, 2020, the City Council held a special meeting in coordination with the County, to discuss the proposed project, hear feedback from the community, and ask questions. Community members provided a broad range of input on topics such as financial impact to the City from lost transient occupancy tax (TOT or “hotel tax”) revenue, selection criteria for operators, types of uses and support services, aesthetic considerations, community safety, and site preferences. Following that meeting, the County notified the City that it would no longer pursue the Quality Inn and would focus its efforts on the acquisition of the Coastsides Inn and developing programs and services to support the homeless at that location.

DISCUSSION:

The County plans to make the acquisition using funding they have received through the Federal CARES Act program. The implementing legislation (AB 83) provides streamlined processing for qualifying projects, including an exemption under the California Environmental Quality Act and an exemption from local discretionary review/approvals. The funding also requires the County to utilize the funds, in this case close escrow on the acquisition, prior to December 31, 2020. The goal of acquiring the Coastsides Inn is to provide interim or permanent housing for persons experiencing homelessness, who are at risk of homelessness, or otherwise impacted by homelessness and the COVID-19 pandemic. The interim housing will

provide safe harbor and stability to homeless individuals, which typically leads to better outcomes from the support services that many already receive while living in encampments or their vehicles. Long term, the County plans to convert the hotel into transitional housing with the intent of utilizing resources made available through the County Rapid Rehousing Program and other resources to connect to appropriate affordable rental housing and/or permanent supportive housing.

The Coastside Inn, located at 230 Cabrillo Highway South in Half Moon Bay, was constructed in 1991 on an approximately 0.8 acre parcel near the intersection of Highway 1 and Kelly Avenue in downtown Half Moon Bay. The hotel is classified as “midscale” and has approximately 52 rooms for overnight accommodation. The site includes approximately 60 parking spaces, laundry rooms and meeting space. The zoning for the site is Commercial-Downtown (C-D), consistent with the Local Coastal Land Use Plan/General Plan Commercial General land use designation. The hotel was originally permitted by the California Coastal Commission in December 1990 (coastal development permit 3-90-55).¹ This location provides easy access to many of the existing supportive services available to Coastside residents, including the Coastside Clinic (providing a variety of medical, dental, mental health and social services from the County), El Centro de Libertad (providing substance abuse recovery services), and Abundant Grace Coastside Worker (providing general homeless support services as well as employment opportunities), all of which are located across Highway One in or adjacent to the Shoreline Station Shopping Center. Within a short walk are additional services including ALAS (providing cultural support and mental health services), the Half Moon Bay Library, and the La Costa Adult School. The San Mateo County Sheriff’s office, who provide law enforcement and public safety services to the City, are also located across the highway.

The County participates in the bi-annual homeless count program. The most recent official count was in January of 2019. In that count, close to 100 unsheltered homeless were identified on the Coastside, including those living in RVs and other vehicles. That count will be updated in January of 2021. There isn’t currently a congregate shelter located on the Coastside, and homeless individuals have access to available beds in the County’s shelters on the bayside. The City worked with local service providers and the County to close a large encampment along Pilarcitos Creek in 2018, and continues to work on restoration, remediation and protection of this sensitive environmental area. In that process, the County expanded shelter space and added additional features including personal property storage and pet kennels to the existing shelters. These efforts to remove barriers to access to the shelters resulted in several of the Coastside homeless moving into shelters and outpatient programs, but many declined to move over the hill, citing a desire to remain in their community. In the past several years, the support structure for homeless residents on the Coastside has strengthened, including the local non-profits and County services described above. Coastside Hope, located in El Granada, also provides a variety of social support services

¹ The California Coastal Act was effective in 1977, and the City’s Local Coastal Program (LCP) was not effectively certified until 1996. From 1977 to 1996, the Coastal Commission had jurisdiction over coastal development permits in Half Moon Bay.

and regularly works with homeless individuals on the Coastside. The County also has contracted homeless case management and support through Lifemoves, and a variety of help and support services through the Street Medicine, Healthcare for the Homeless, and other programs. If the County acquires the Coastside Inn and begins providing housing for homeless individuals, they recognize the need for additional support services and have committed to developing a plan to ensure success of this program and provide the best opportunity to transition many of the homeless individuals already living on the Coastside into permanent housing options and ending the cycle of homelessness.

CONCLUSION:

The City and County continue to discuss the plans for conversion of the Coastside Inn into a location to successfully provide housing and important services to homeless individuals already residing on the Coast. Both agencies recognize that it will take concerted effort and commitment, from government and non-profit agencies as well as the community, in order to ensure that the program will be successful in helping some of our most vulnerable residents achieve stability and overcome the many challenges they currently face. If they ultimately move forward with the acquisition, the County has committed resources, the involvement of City staff in identifying and selecting service providers and ongoing operational oversight, as well as coordination with local non-profits and businesses in providing support.

ATTACHMENTS:

1. FAQ sheet - County of San Mateo Interest in Creating New Homeless Shelter Programs in Half Moon Bay, November 2020
2. Correspondence (will be added Monday, November 30)