



# Shores Landing

A Playbook for Supportive Housing Solutions





# Introduction

California's Homekey program is accelerating the pace of supportive housing production across the state. Homekey provides local governmental agencies with funds to purchase and rehabilitate housing—such as hotels, motels, vacant apartment buildings, and other properties—and convert these structures into both interim and permanent housing for people experiencing homelessness or at risk of homelessness. Project Homekey dates back to mid-2020, when Governor Gavin Newsom announced its launch to protect vulnerable Californians from the COVID-19 pandemic. Since then, Homekey has funded [approximately 6,000 units in 120 communities, and another](#)

[6,000 units](#) are poised to receive funding.

This playbook focuses on one example of a Homekey project in action: MidPen's Shores Landing property in Redwood City. Through collaboration with the County of San Mateo (County) and local supportive service partners, MidPen transformed a former hotel property into a community that is now home to 95 senior households. In the following pages, we share the history of the project, our experience with Homekey, and the lessons learned for rapidly creating more supportive housing at scale.



# The Mission Case

MidPen recognizes that stable housing is a key determinant of health. [Significant research](#) shows that being unhoused—even for a short period of time—can have negative impacts on one’s health and the healthcare system. Transitional, interim housing provides people who are at-risk for or experiencing homelessness with immediate stability. Once in housing, residents can tap into a network of supportive services in their community. In the long term, permanent supportive housing allows residents to thrive in a safe environment and helps reduce costs to individuals, organizations, and the overall system.

Beyond the health and economic benefits, MidPen sees in Homekey the potential to create supportive housing at a faster rate and a fraction

of the cost of traditional affordable housing development. With the Shores Landing project, MidPen was eager to draw on our expertise in deal structure, property management, and resident services, and experiment with a novel program.

The story of Shores Landing is about the political determination to act boldly, quickly, and creatively in partnership. Shores Landing demonstrates how local leaders can supplement existing affordable housing programs with a model that urgently addresses the needs of their communities’ most vulnerable individuals. This is a model that can work.



## “Functional Zero” and the County of San Mateo

**1,808 PEOPLE EXPERIENCING HOMELESSNESS IN 2022**  
**716 sheltered, 1,092 unsheltered**

Current Cost of Status Quo = Hundreds of Thousands in Healthcare, Police, and Emergency Expenditures

Housing = One-Time Acquisition and Ongoing Services for a Fraction of the Cost

*“Functional zero” means ensuring that every county resident experiencing homelessness can be safely sheltered in an emergency shelter, or in temporary or permanent housing. In April 2022, the County announced a goal of achieving “functional zero” homelessness. With the help of state Homekey funds, the County has purchased five former motels/hotels, including Shores Landing, for conversion into permanent or temporary housing.*



**A**s a compassionate community, we simply must provide more affordable housing options for all of our residents. Shores Landing provides a perfect example of how both the public sector and the private sector can work together to create housing options paired with social services.”

– County of San Mateo Board of Supervisors President **Dave Pine**



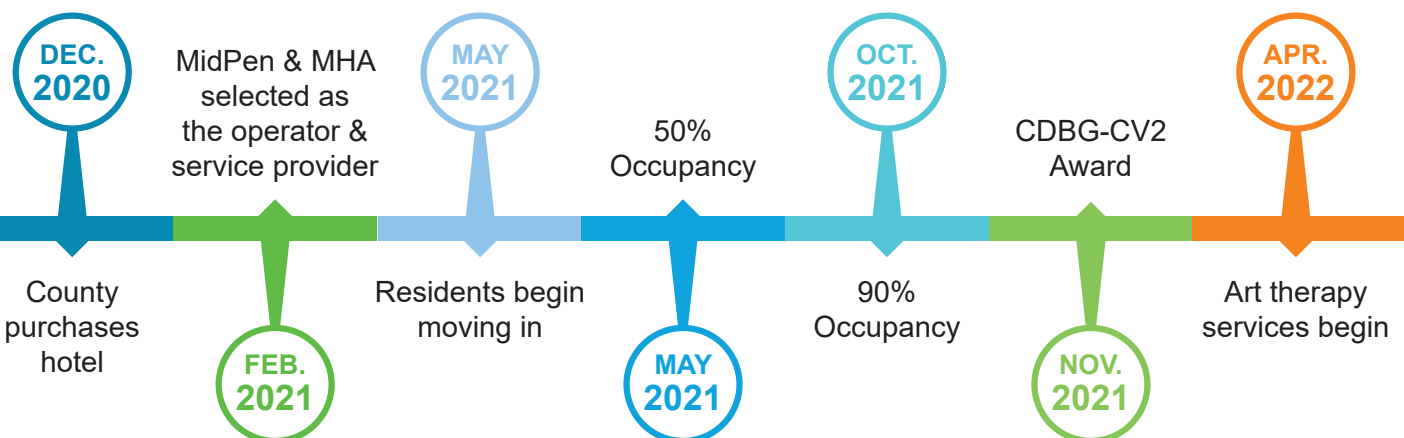
# About Shores Landing

Located in the Peninsula community of Redwood City, Shores Landing sits directly on the water at the intersection of Bair Island State Marine Park, the San Carlos Airport, and the mixed-use Redwood Shores neighborhood. Constructed in 2002 and renovated in 2016, the property was previously operated as a Marriott TownePlace Suites extended-stay hotel with 95 units. In December 2020, the County of San Mateo acquired the former hotel using funds from Homekey Round 1. Following a competitive RFP process, in February 2021 the County selected MidPen Housing to operate and manage a senior supportive housing community, with the Mental Health Association of San Mateo County providing services in partnership.

State requirements for Homekey projects dictate aggressive deadlines, so the team had to act quickly. MidPen and the County opted to sign a Management Agreement soon after the award, enabling MidPen to quickly assume property management responsibilities while negotiating a Ground Lease. MidPen coordinated across its Development, Property Management, Facilities,

and Resident Services teams to prepare the property for lease-up. Resident Services and Property Management staff were present on site from the moment they had access and worked together to schedule intake appointments for residents.

From the beginning, it was important to actively engage community stakeholders. Within a period of four months, the team set up one-on-one conversations with city council members, housing staff, housing commissioners, neighbors, and others. The team built a strong connection with the local Redwood Shores Community Association by regularly meeting with a select group of neighbors, providing written updates in a newsletter, co-hosting a virtual open house, and eventually facilitating meet-and-greets with new residents. This early engagement established a positive working relationship that has extended into operations, allowing the team to maintain an open dialogue to quickly and effectively address issues that arise.





The former hotel was well suited for multifamily housing serving supportive housing residents, as the building came fully furnished with each unit including a bathroom, kitchen, and linens. The one challenge was that there was insufficient office space, so selective and intentional renovations were needed to get the property up and running. These included installing mailboxes, reconfiguring the keying system, and converting a small gym and large storage area

into resident services offices. A door-to-door trash pickup service was established to make up for the lack of a trash chute system.

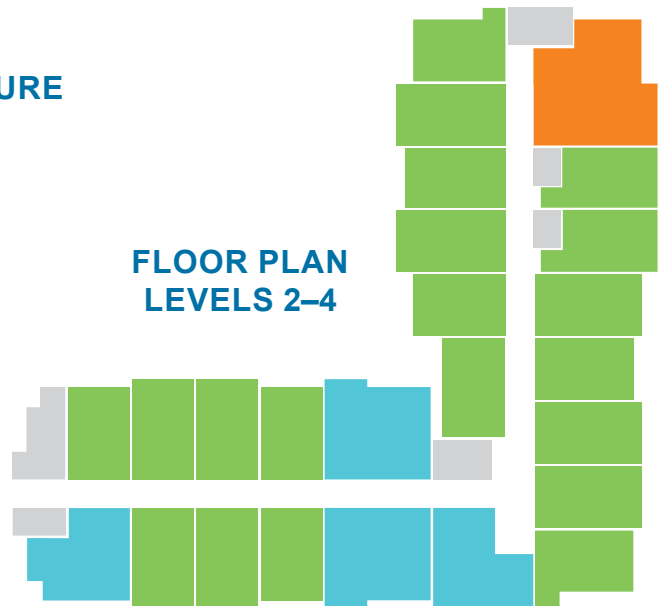
In less than four months of preparation, Shores Landing welcomed its first residents, a group of extremely low-income seniors aged 62 and older, some of whom were experiencing homelessness or were at risk of homelessness due to losing their homes during COVID-19.



**2.05 ACRE LOT**  
**56,700 SQ. FT. STRUCTURE**



**FLOOR PLAN LEVEL 1**



**FLOOR PLAN LEVELS 2-4**

- 77 Studio Units
- 15 One-Bedroom Units
- 3 Two-Bedroom Units

- Common spaces include:
- Lobby
  - Two offices
  - Commercial laundry room
  - Communal gathering area
  - Outdoor patio
  - Exercise room
  - Public restrooms
  - Laundry facilities
  - Storage rooms



**SAMPLE STUDIO UNIT PLAN**  
**422 SQ. FT.**

# Shores Landing Services

Shores Landing is now home to 95 residents who are mostly in their mid-60s to early-70s. Residents were referred from the County's Coordinated Entry System. Seventy percent came from Project Roomkey hotels—an early COVID-19 predecessor program to Homekey—and others were referred by the Health Plan of San Mateo through the Housing Authority.

As of summer 2022, 17 medically vulnerable households have been referred by the Health

Plan of San Mateo through the Housing Authority of the County of San Mateo. These households are paired with supportive services and a flat rental subsidy—the Provider-Based Assistance Program (PBAP), which is administered by the Housing Authority of the County of San Mateo.



**95**  
RESIDENTS

**4**  
CASE MANAGERS

**17**  
MEDICALLY  
VULNERABLE  
HOUSEHOLDS





**M**y spacious suite is guarded by a sturdy door and electronic locking system. After two years, I sleep soundly. The marshes are right outside our building, and the gentle sounds of the waves and various bird calls help wash away the trauma of the past 22 months.

There's wonderful staff here to guide clients thru this new normal. Compassionate and professional, helping us to access social services, transportation, and medical care, as well as basics like food and clothing. They also host workshops and meetings on different topics, as well as fun events like afternoon table games."

– Elizabeth Softky



Four case managers provide holistic services, including:

- Case management / needs assessment
- Individual service plan development
- Social / healthcare services linkage
- Housing stability support
- Conflict resolution and mediation
- Advocacy—referral and coordination
- Life skills, health education, and social recreation programming

The team has observed that the Roomkey residents who were referred to Shores Landing were more prepared for independent living than is typical. These residents had time to stabilize in the temporary Roomkey hotels and were supported by services, whereas residents who came from living directly on the streets only had short term case management or none at all. Collectively, the service supports have boosted housing retention and prepared residents for long-term health, financial, and housing stability.

### OUR PARTNERS INCLUDE:



# Shores Landing Financing

Since Shores Landing is a 100% permanent supportive housing (PSH) property that consists of households who earn at or below 30% of area median income (AMI), the team had to work creatively and quickly on short- and long-term solutions to sustain property operations.

## Acquisition

Acquisition sources included a Homekey Round 1 award to the County of San Mateo and a Coronavirus Relief Fund (“CRF”) allocation from the federal government. These funds allowed the County to acquire the hotel for \$29,250,000. An additional \$282,574 from a \$1.5M local Measure K award paid for renovations prior to lease-up. Later, a Community Development Block Grant—Coronavirus Response (CDBG-CV) award to the County will help finance necessary capital improvements, such as installing a trash chute system, a stand-alone community building, and other necessary improvements to ensure long-term sustainability of the property.

## Operations

On the operations side, the County’s Measure K funding helped cover expenses related to property management. Additionally, the County received \$931,312 in funding from the State’s California Emergency Housing Solutions for operating budget deficit costs at Shores Landing. These upfront funding sources have been essential for meeting the costs of operations in the first years.

The County Housing Authority has also distributed 47 Emergency Housing Vouchers to households living at Shores Landing. These vouchers will help provide rental assistance until they expire in 2030. For the 17 medically vulnerable “DUALS” households, a monthly subsidy is being provided by the Housing Authority of the County of San Mateo’s (Housing Authority) through their Provider-Based Assistance Program (PBAP).



## Total Development Costs





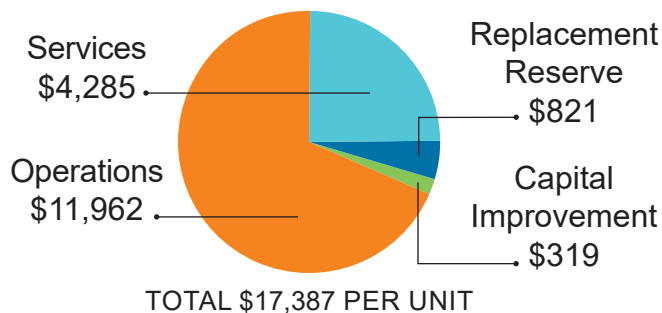


With a \$150,000 contribution from the Menorah Park Community Impact Fund, the team was able to bring on an additional case manager in the first year to supplement the four full-time case managers. The resident services budget for Shores Landing makes up approximately 20% of the total annual operating budget, which is typical of most permanent supportive housing projects. Because of the importance of adequately funding permanent supportive housing through operations, the County and

MidPen continue to collaborate to apply for financing at local, state, and federal levels.

Between now and 2030, the project team anticipates receiving Project-Based Vouchers and/or other long-term rental subsidy sources from the Department of Housing and Urban Development and the County. MidPen has requested additional funding to help subsidize rent for senior residents, pay for all utilities, ensure timely repair and maintenance of the building, and fund the current full-time onsite case managers.

## Operating Budget



$$\begin{array}{c}
 \times \\
 \text{95} \\
 \text{Units}
 \end{array}
 = \$1.7\text{M}$$

# Advantages of Homekey

Homekey is a transformative tool that expands the suite of available options for combating homelessness. Based on MidPen's experience with Shores Landing, our team sees a number of advantages in the model:

- **Opportunity for accelerated delivery of housing:** Traditional multifamily development can take 3–5 years minimum from start to finish. While not universal, Homekey timelines, in contrast, can be counted in months. Shores Landing, for example, went from acquisition in December 2020 to initial move-in in May 2021, just 6 months later.
- **Efficient development costs:** With per-unit development costs rising significantly each year, the Homekey approach offers a low-cost alternative. Whereas a traditional affordable new-construction project in a comparable area might cost \$74,000,000 or \$600,000+ per unit, Shores Landing was possible with half the costs.
- **Simplified Sources for Acquisition and Rehab:** Most affordable housing development with tax credit financing requires combining half a dozen or more financing sources, each with its own applications

and complex regulations. Homekey projects offer the potential for simplified, streamlined sourcing of financing, at least for acquisition and rehab.



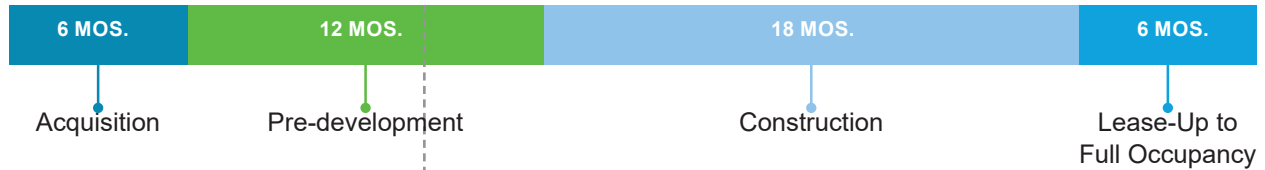
- **Support for a high-need population:** There are more than 1,000,000 people in the Bay Area who are Extremely Low Income (ELI), earning 30% or less of AMI. Significant affordable housing is needed to support this vulnerable population and avoid additional households falling into homelessness. While affordable housing typically averages closer to 50–60% AMI, Homekey is specifically targeted at supporting ELI households.
- **An expedited process:** Homekey projects receive special exemptions from the California Environmental Quality Act (CEQA) and local zoning. Entitlements are often a risky part of the pre-development process for new construction projects. The expedited process associated with Homekey can create immense time and cost savings during pre-development.





# Homekey is 3x Faster than Conventional New Construction

## CONVENTIONAL NEW CONSTRUCTION



## HOMEKEY PROJECT



# Homekey is Less than Half as Expensive as Conventional New Construction

	CONVENTIONAL NEW CONSTRUCTION	HOMEKEY PROJECT
Permanent Loan	\$30,000,000	—
City	\$3,000,000	—
County	\$8,000,000	\$11,484,574
State	\$3,000,000	\$18,048,000
Tax Credits	\$30,000,000	—
<b>Total</b>	<b>\$74,000,000</b>	<b>\$29,532,574</b>
<b>Total Per Unit</b>	<b>\$632,479</b>	<b>\$310,869</b>



**T**he County is committed to ending homelessness in our community. Homekey financing from the State has been critical for rapidly converting underutilized assets into housing and demonstrating that functional zero will be a reality.”

– County of San Mateo County Executive Office **Mike Callagy**

# Challenges of Homekey

Despite the advantages of a Homekey project, several key challenges have emerged from early experiences with the program:

- **Uncertainty of long-term operating model:** Homekey provides considerable upfront resources, but how projects are sustained in the long term is a key question. Due to the intensive services and staffing required, Homekey projects need deep operating subsidies in place—and

committed for more than just a year or two. For projects to offer comprehensive services that are culturally responsive and trauma-informed, the funding for ongoing operations needs to be robust.

- **Lease-up logistics:** between hiring a greater number of specialized staff and





**H**omekey is the testament that appropriately funded housing can change lives. Along with operating subsidies, there must be a commitment to fund the supportive services required to make sustained, meaningful change in the residents' lives. Along with the acquisition of the building, resolving the services funding problem must be a part of any solution.”

– **Dominique Cohen**  
Senior Director of Health and Supportive  
Housing Services, MidPen Housing



managing potentially complex preference/referral processes, launching a Homekey project can be an intensive experience for property management and residents.

- **Capital improvements during operations:** once a Homekey project has been launched, developers/operators may find that further renovations and capital improvements are needed, but few sources of capital exist and those that do exist lack coordinated regulations.
- **Limited pool of developers/operators:** Homekey projects can pose an increased risk to operators/developers during due diligence and operations. Insurance and legal arrangements will likely take a different form from traditional new construction projects, and this may deter

some operators/developers. Because many will not want to take on this risk, it limits the pool of participants involved.

- **Racial Equity:** As noted in [a report](#) by the Turner Center for Housing Innovation, the State emphasizes Homekey as a tool for racial equity, but few sites take an explicit approach to racial justice, and data on resident demographics is lacking.
- **Procurement Complexities:** Because the property is owned by the County, it's considered a public works project subject to prevailing wage and public procurement requirements. These requirements also apply to the management of the property, which is not typical and is a new scope of work that the team has had to adjust to and increases operating costs.

# Keys to Success

Out of its roots as a COVID-19 pandemic-era response, the Homekey program is evolving into a powerful part of the affordable housing toolbox that can deliver supportive housing at unprecedented speed. While the model needs continuous improvement to be sustainable, Shores Landing offers some insights into what is needed for success:



## Local Partnerships

Homekey projects need a strong team of development, operating, and service partners experienced in permanent supportive housing and high-needs populations that are willing to be nimble given aggressive timelines and potential uncertainty.

## Political Will

When local jurisdictions have the political will and serve as champions for Homekey projects, projects are set up for success. This can take the form of a Mayor or County Supervisor who is dedicated to assembling the right players and advocating for local, regional, and state funding. Homekey projects need to be prioritized in the local pipeline given state timeline requirements.

## Site Selection

Hotel and motel conversions are not easy jobs to rehab, given the quirks of this property type related to security, elevators, laundry, common areas, and unit scale. The better the initial condition of the property, the simpler the financing strategy. At a design level, the Mid-Pen project team found it beneficial to have a secured single point of entry for the front desk clerk, adequate space for resident garbage collection, multiple office spaces, and community space for resident events.





**H**omekey has proven that when we act with urgency, we can reduce the suffering on our streets, but it will not be a lasting solution to homelessness without additional, ongoing investments in operations and services. Homekey's capital investments are a strong start, but to make an investment commensurate to the need, it will take more than one-time funds. We must have a commitment to operations and resident services that is tied to outcomes and supported by greater interagency coordination. We need to streamline the process, commit resources for the long-term, and deliver on the promise to provide housing to all our unhoused neighbors."

– **Tomiquia Moss**, CEO/Founder of All Home



## Services at Launch

Launching a Homekey project requires a heavy lift from all partners. Staffing capacity is required during the initial surge of resident move-in to ensure early community integration. Staff should not underestimate the amount of early and frequent resident meetings that will be required. Furthermore, services and property management staff should be involved early on in community engagement so that relationships have time to develop.



## Transitional Housing

The Roomkey program gave service providers an opportunity to get to know their clients, understand their needs, and connect them to available resources early on. Some residents joined Shores Landing further along in their journey toward stabilization. Understanding where residents are coming from is critical to better supporting them.



[www.midpen-housing.org](http://www.midpen-housing.org)

Published April 2023