



## REVISED REPORT

SEE PAGE 11

# City Council Memorandum

*City of Arts & Innovation*

---

**TO:** HONORABLE MAYOR AND CITY COUNCIL      **DATE:** JANUARY 13, 2026

**FROM:** HOUSING AND HUMAN SERVICES      **WARD:** 2

**SUBJECT:** PROPOSED AMENDMENT TO THE CITY OF RIVERSIDE FISCAL YEAR 2024/2025 UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ANNUAL ACTION PLAN TO ALLOCATE \$965,617.75 IN COMMUNITY DEVELOPMENT BLOCK GRANT UNPROGRAMMED FUNDS TO RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR THE ACQUISITION AND REHABILITATION OF THE QUALITY INN MOTEL LOCATED AT 1590 UNIVERSITY AVENUE COVETING 30 AFFORDABLE HOUSING UNITS, APPROVE A HOMEKEY+ PROGRAM NOTICE OF FUNDING AVAILABILITY ACCEPTANCE OF TERMS CONDITIONS OF CONDITIONAL AWARD WITH THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR AN AWARD OF UP TO \$20,137,410 OF HOMEKEY+ GRANT FUNDS, AND APPROVE LOAN AGREEMENTS WITH RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR THE UNIVERSITY TERRACE HOMES TO ALLOCATE \$965,617.75 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS, \$1,000,000 IN HOME INVESTMENT PARTNERSHIPS PROGRAM GRANT FUNDS, AND \$7,569,272.25 IN HOMELESS HOUSING, ASSISTANCE AND PREVENTION ROUND 3 AND 4 GRANT FUNDS

### **ISSUES:**

1. Approve an amendment to the City of Riverside Fiscal Year 2024/2025 United States Department of Housing and Urban Development Annual Action Plan to allocate \$965,617.75 in Community Development Block Grant unprogrammed funds for the acquisition and rehabilitation of the Quality Inn Motel located at 1590 University Avenue coveting 30 affordable housing units;
2. Approve the Homekey+ Program Notice of Funding Availability Acceptance of Terms and Conditions of Conditional Award with the California Department of Housing and Community Development and Riverside Housing Development Corporation for an award of up to \$20,137,410 of Homekey+ grant funds; and
3. Approve the following loan agreements with Riverside Housing Development Corporation for the Quality Inn Motel Conversion project titled University Terrace Homes:
  - a. Community Development Block Grant: \$965,617.75
  - b. HOME Investment Partnerships Program: \$1,000,000

- c. Homeless Housing, Assistance and Prevention Round 3 and 4: \$7,569,272.25

## **RECOMMENDATIONS:**

That the City Council:

1. Approve an amendment to the City of Riverside Fiscal Year 2024/2025 United States Department of Housing and Urban Development Annual Action Plan to allocate \$965,617.75 in Community Development Block Grant unprogrammed funds for the acquisition and rehabilitation of the Quality Inn Motel located at 1590 University Avenue coveting 30 affordable housing units;
2. Approve the Homekey+ Program Notice of Funding Availability Acceptance of Terms and Conditions of Conditional Award with the California Department of Housing and Community Development and Riverside Housing Development Corporation and any other grant related documents to implement the grant for an award of up to \$20,137,410 of Homekey+ grant funds;
3. Approve the following loan agreements with Riverside Housing Development Corporation for the University Terrace Homes project:
  - a. Community Development Block Grant: \$965,617.75,
  - b. HOME Investment Partnerships Program: \$1,000,000, and
  - c. Homeless Housing, Assistance and Prevention Round 3 and 4: \$7,569,272.25; and
4. Authorize the City Manager, or designee, to execute the following agreements with Riverside Housing Development Corporation and grant related documents to implement the grant including making minor and non-substantive changes and to revise each Regulatory Agreement attached to the Loan Agreement to identify the specific units that the City will be requiring to be affordable, as further described herein.
  - a. Homekey+ Program Notice of Funding Availability Acceptance of Terms and Conditions of Conditional Award;
  - b. Community Development Block Grant Loan Agreement;
  - c. HOME Investment Partnerships Program Loan Agreement; and
  - d. Homeless Housing, Assistance and Prevention Round 3 and 4 Loan Agreement.

## **COMMITTEE RECOMMENDATION:**

The Housing and Homelessness Committee (Committee) met on April 28, 2025, with Chair Cervantes, Vice Chair Mill, and Member Robillard present, to consider the proposed Resolution authorizing the City Manager, or designee, to submit a joint application between the City of Riverside and Riverside Housing Development Corporation to the State of California Department of Housing and Community Development for up to \$35,000,000.00 of Homekey+ Program funds for the acquisition and conversion of 114 rooms into studio units located at 1590 University Avenue. Following discussion, the motion was made by Chair Cervantes to move the item to the full City Council for their consideration without recommendation, that was unanimously approved by members Robillard and Mill.

## **BACKGROUND:**

### ***Book of Work***

On January 9, 2024, the City Manager presented to the City Council the list of 2024 Actions (Book of Work) designed to advance the goals outlined in the Envision Riverside 2025 Strategic Plan. Under the Community Well-Being Goal, Citywide Operational Work Plan Activity No. 23 - *Work to Respond to and Reduce Homelessness and the Risk of Homelessness* - Action (f) directed staff to pursue Homekey funding for the Quality Inn Motel Conversion project. The project carried over into the 2025 Book of Work.

### ***Homekey+ NOFA***

On November 26, 2024, the California Housing and Community Development (HCD) released the Homekey + Notice of Funding Availability (NOFA), funded through Proposition 1, which was approved by voters in March 2024. Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ represents the Permanent Supportive Housing (PSH) component of the BHIBA.

Homekey+ supports the development of PSH for individuals with mental health or substance use disorder challenges who are at risk of or experiencing homelessness. Building on the success of Project Roomkey and three previous Homekey rounds, totaling approximately \$2.145 billion in awards, Homekey+ continues the statewide effort expand PSH opportunities.

Under the Homekey + NOFA, \$1.11 billion was made available for general target population projects. The program provides up to \$200,000 per unit in capital contributions, with potential increases to \$300,000 per unit with local match contributions. Operating awards may not exceed \$1,400 per month per assisted unit for the duration of the award. Eligible applicants include cities, counties, state, regional and local public entities, and tribal entities. Eligible uses include acquisition and/or rehabilitation of motels, hotels, apartments, assisted living facilities, commercial properties, and other buildings suitable for conversion to PSH. Projects must be completed within 14 months of the Homekey+ Conditional Award Letter.

Applications were due by May 30, 2025, with award announcements beginning in June 2025.

### ***Homekey Grant Awards***

To-date, the State of California has awarded 126 jurisdictions with Homekey funding to develop 12,147 housing units. The table below summarizes awards by round.

<b>Homekey Funding</b>	<b>No. of Jurisdictions</b>	<b>No. of Projects</b>	<b>No. of units</b>
Round 1	7	10	579
Round 2	33	51	3,188
Round 3	60	116	6,863
Homekey+	26	32	1,517
<b>Total</b>	<b>126</b>	<b>209</b>	<b>12,147</b>

### ***Homekey Projects in Riverside County***

Since its introduction in 2020, many California jurisdictions have utilized Homekey funding. Homekey projects in Riverside County include:

Applicant	Project Name	Homekey Award	No. of Units	Project Description
County of Riverside and TruEvolution  (Payee: TruEvolution)	Project Legacy, Riverside	\$4,000,000 (Round 1)	19	Acquisition of six adjacent properties located on Brockton Avenue, 9th Street and University Avenue for Project Legacy. Tenants live at Project Legacy for up to 24 months, with the goal of transitioning to permanent housing after residents are equipped with skills to become self-sufficient.
County of Riverside and Riverside Community Housing Corporation	Mountain View Estates Phase III, Coachella Valley	\$7,250,000 (Round 1)	40	Replace mobile homes in a dilapidated mobile home park.
City of Riverside and Walden (State provided funds to Walden through escrow)	Walden Scattered Site Interim Housing	\$5,250,000	25	Acquisition and rehabilitation of five (5) single-family homes for the use of transitional housing for the youth homeless population. Walden was the payee for this grant due to project deadline.
County of Riverside	Vista Dorada, Corona	\$11,949,900 (Round 2)	52	Hotel/motel conversion acquisition and rehabilitation for permanent supportive housing.
County of Riverside	The Springs Housing Navigation Campus, Palm Springs	\$19,059,202 (Round 2)	80	Modular living units and rehabilitation of two of the three existing warehouse buildings for services.

### ***Permanent Supportive Housing in Riverside***

On March 13, 2028, the City Council adopted the Housing First Strategy prioritizing access to PSH without preconditions. This evidence-based model has proven effective in reducing homelessness, improving cost efficiency, and enhancing housing stability.

Examples of successful City PSH projects in Riverside include:

- **Mulberry Cottages**, Ward 1 (2023): 10 PSH units, fully occupied since issuance of Certificate of Occupancy.
- **The Aspire**, Ward 1 (2025): A 32-unit PSH community for transitional-aged youth, offering life skills workshops and resource fairs.

- **Vista de La Sierra**, Ward 7 (2024): 40 PSH units integrated into an affordable family housing community.

Additionally, The Sunrise at Bogart closed financing in June 2025 and began construction of 22 PSH units in Ward 7.

### ***Coordinated Entry System – Community Queue***

Individuals must enroll in the Coordinated Entry System to qualify for PSH. Enrollment begins with completion of a Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT) by an outreach worker, shelter staff, or navigation center personnel. This pre-screen assesses health, housing history, and social needs to determine appropriate housing interventions. After securing vital documents, clients are added to the Community Queue for housing placement.

As of November 20, 2025, a total of 312 individuals have been prescreened and preapproved for housing, with 219 currently awaiting a PSH referral. The age distribution is:

<b>Age Group</b>	<b>No. of Individuals</b>
62+	27
55 – 61	41
50-54	23
25-49	111
18-24	17

These figures reflect substantial demand for PSH. Notably, 91 individuals are age 55 or older, a population with heightened medical and mobility challenges. There are 111 individuals between the ages 25 to 49 that represent the largest cohort. The volume and demographics of the CES Community Queue highlight the urgent need to expand local PSH capacity.

### ***University Terrace Homes***

On February 24, 2025, the City received a proposal from Riverside Housing Development Corporation (RHDC) to submit a joint Homekey+ application for acquisition and conversion of the Quality Inn at 1590 University Avenue. The proposed project includes converting 114 motel rooms into affordable studio units, plus one manager's unit, one maintenance staff unit, on-site management offices, case management offices, and a resident meeting/training room (the “Project”).

RHDC proposes 94 PSH units affordable to households at 30% of Area Median Income (AMI) (\$21,500 for a one-person household) and 20 affordable housing units at 50% of AMI (\$35,900 for a one-person household). Of the PSH units, 18 units will be reserved for individuals with mobility disabilities, and 12 for those with hearing or vision disabilities.

The property will include 24-hour onsite security, a gated perimeter, a social services coordinator, and six case managers. Both the property manager and maintenance staff will live on-site. Units will remain affordable for 55 years under restrictive covenant with RHDC and HCD. The

development will be known as University Terrace Homes.

Founded in 1991, RHDC owns and manages more than 1,400 units throughout Riverside County and currently operates properties in the University and Eastside communities.

### ***Existing Conditions – Quality Inn***

The current property owner has been attempting to sell the site since 2023. The last significant renovation occurred in 2018. The Quality Inn's nightly rates are among the lowest in the area (see Table 1). From January 1, 2024, to April 26, 2025, the site generated 97 police service calls, requiring 222 officer responses. From April 27 to October 31, 2025, an additional 67 police service calls occurred, ranging from 911 hang-ups to grand theft auto and aggravated assault. The City Attorney's Office and RPD are reviewing extraordinary responses to determine potential cost recovery under the Riverside Municipal Code.

**TABLE 1**

<b>Location</b>	<b>1 King Bed Room</b>	<b>1 Queen Bed Room</b>	<b>2 Queen Beds Room</b>	<b>2 Double Beds Room</b>	<b>Suite</b>
The Mission Inn Hotel & Spa	\$333 - \$355	\$299	\$299 - \$355	N/A	N/A
Marriott Riverside at the Convention Center	\$248	N/A	\$203 - \$248	N/A	\$271
Hyatt Place Riverside Downtown	\$214 - \$225	N/A	\$214 - \$225	N/A	\$237
Hampton Inn Riverside Downtown	\$214 - \$225	N/A	\$208	N/A	N/A
Courtyard by Marriott Riverside UCR	\$183 - \$206	N/A	\$195 - \$217	\$183 - \$200	N/A
Raincross Hotel	N/A	\$134	N/A	\$134 - \$146	N/A
Santa Cruz Inn Riverside	N/A	\$132	N/A	\$142	N/A
Thunderbird Lodge in Riverside	\$134 - \$191	\$123	N/A	\$134	\$225
<b>Quality Inn Riverside near UCR and Downtown</b>	<b>\$107 - \$112</b>	<b>\$107 - \$112</b>	<b>N/A</b>	<b>\$119</b>	<b>N/A</b>
Motel 6 Riverside, CA - UCR East	N/A	\$89	N/A	\$96	N/A
Dynasty Suites Hotel Riverside	\$76 - \$80	N/A	\$91	N/A	N/A

Despite these challenges, the property is well suited for adaptive reuse due to its size, layout, and proximity to healthcare resources, employment centers, retail, banking, and public transit. Adaptive reuse is often more cost-effective and environmentally sustainable than new construction. Outstanding debts owed to the City, if any at the time of purchase, will need to be addressed prior or concurrent to a final agreement.

### ***Target Population and Program Overview***

The Project will provide 114 studio apartments, each equipped with a kitchen, bathroom, and living area. All tenants will sign 12-month leases and will be responsible for paying rent.

Twenty (20) units will serve very low income (50% AMI) residents, such as students or service workers. These units will not require homelessness or behavioral health criteria. The remaining ninety-four (94) units will be PSH, serving extremely low income individuals (30% of AMI) with documented mental health or substance use challenges who are experiencing homelessness or at risk of homelessness. On-site case management will be provided, with services coordinated both on-site and off-site as needed.

The Project's goal is to promote long-term stability and self-sufficiency. There is no limit on length of residency so long as tenants comply with lease terms and pay rent. Priority will be given to local residents who are seniors and veterans.

### ***Motels Considered for Homekey***

Staff initially evaluated three motels for potential Homekey funding. The first property, the Days Inn, was removed from consideration after a private buyer submitted an offer to purchase the site. The second property, Motel 6 on La Sierra, was deemed unsuitable due to insufficient conference and meeting space needed for case management and resident training for PSH tenants. The third property, the Quality Inn, remained a viable option due to its proximity to shops and services, availability of training space, and lobby area that can support on-site property management and case management activities.

### ***Project Budget***

The total development cost for University Terrace Homes, including acquisition, is \$26,622,300 with \$5,050,000 in 10-year operating costs, for a total project budget of \$31,710,096.

RHDC requested \$250,000.00 in predevelopment funding to cover costs for the financial consultant, architect and engineering work, City permits, appraisal, lead-based paint and asbestos testing, Phase I Environmental, and a preliminary title report. These reports are required for the Homekey+ application.

On March 25, 2025, the City Council approved a Subrecipient Agreement for the Homeless Housing, Assistance and Prevention (HHAP) Round 3 with RHDC to provide the \$250,000.00 in predevelopment costs.

The City's capital match contribution of \$6,484,890, including the previously awarded \$250,000, comes from HHAP Rounds 3 and 4 and provides a per-door subsidy of \$250,000 for Homekey+. The operating match totals \$2,750,000, which would be funded by \$515,110 of HHAP 4, \$1,000,000 of HOME Investment Partnerships Program (HOME), and \$1,234,890 of the Community Development Block Grant (CDBG) funds.

City Net will provide four case managers, funded through HHAP and Measure Z. The City and City Net are exploring CalAIM reimbursements for tenancy-support services to offset future costs.

### ***Outreach Meetings***

The City and RHDC conducted community outreach meetings between March and October 2025 as follows:

<b>Date</b>	<b>Meeting</b>
March 28 2025	Riverside Access Center
April 3, 2025	Lincoln Community Group
April 10, 2025	University Neighborhood Association

April 23, 2025

May 8, 2025

Bordwell Park Advisory Committee

University Area Businesses

At the Riverside Access Center, 50 attendees expressed full support for the Project. Community members highlighted the importance of ADA-accessible units, substance abuse counseling, case management, a computer center, security measures, residential social events, cooking classes, and outdoor space for pets.

During neighborhood and business meetings, attendees asked questions about resident eligibility, safety, curfews, and visitor policies. Staff clarified that the Project will include a perimeter fence and on-site security to prevent loitering. As there are leased apartment units, no curfew or visitor restrictions will be implemented. Tenants will sign 12-month leases that convert to month-to-month and must adhere to good-neighbor policies and house rules related to noise and visitor behavior. Behavioral issues will be addressed through written warnings, documentation, and supportive interventions involving case managers to encourage voluntary solutions and behavioral modifications.

### ***Housing and Homelessness Committee Meeting***

On March 24, July 28, September 22, and October 27, 2025, staff provided the Housing and Homelessness Committee with updates on Housing Authority projects, including the Quality Inn Motel Conversion.

### ***Previous City Council Meeting***

On May 20, 2025, staff presented information on the Homekey+ NOFA, the University Terrace Homes Project, and the Homekey+ application. City Council approved a Resolution to authorizing the City Manager to:

1. Submit a joint Homekey+ application with RHDC for up to \$35,000,000 in program funds;
2. Execute all required application documents;
3. Approve a Memorandum of Understanding with RHDC committing soft funding totaling \$6,750,000.00 in HHAP Round 3 and 4, \$1,234,890.09 in CDBG funds, and \$1,000,000.00 in HOME funds; and
4. Return to City Council with due-diligence findings including community engagement updates, increase case management, and sewer infrastructure assessment prior to acceptance of the Homekey+ grant.

The joint Homekey+ application was submitted to HCD on May 28, 2025.

### **DISCUSSION:**

While the Homekey+ grant application was under review, the project team advanced several work efforts to address concerns raised by the Mayor and City Council.

#### **1. *Community Engagement***

Throughout the review period, the project team continued extensive outreach with community members and key stakeholders. Regular updates and opportunities for input were provided through the meetings listed below, as well as through team canvassing along University Avenue between Ottawa Avenue to Iowa Avenue:

Date	Meeting
------	---------

July 17, 2025	Safety and Security Meeting with Businesses on University from Cranford to Iowa
August 21, 2025	
September 18, 2025	
October 14, 2025	
November 20, 2025	
October 3, 2025	Riverside Chamber of Commerce and Altura Credit Union
October 15, 2025	Inland SoCal Housing Collective
November 17 and 20, 2025	Business Outreach Meeting

The developer also met with the Riverside Community Health Foundation, which operates the Neighborhood Health Care Clinics on University Avenue, and with Community Health Systems, which operates another clinic on the same corridor, to explore partnerships related to resident support services.

## 2. ***Enhanced Case Management***

To ensure that residents receive comprehensive wraparound services, the City will assign six case managers to provide on-site case management for the 94 PSH residents at University Terrace Homes, which four case managers will be provided through a contract with City Net and two City case managers. The six case managers will be funded through a combination of HHAP, Measure Z and Housing Authority funds.

## 3. ***Sewer Infrastructure Assessment***

RHDC completed an assessment of the existing sewer infrastructure to determine capacity and necessary improvements. The assessment concluded that the existing 6-inch sanitary sewer line must be upsized to an 8-inch site sanitary sewer line with an 8-inch cleanout at University Avenue. Buildings 1 and 2 did not require modifications. The project budget has been updated to reflect these improvements.

### ***Economic Benefits***

Residents of University Terrace Homes will contribute 30% of their adjusted monthly income toward rent, generating an estimated \$1.3 million in annual disposable income. This spending is expected to benefit local businesses and stimulate economic activity along the University Avenue corridor.

The construction phase and ongoing operations will also generate local employment opportunities. Construction activities will require skilled labor, while long-term operations will support positions in property management, maintenance, and supportive services. These jobs contribute to sustained local employment and strengthen the economic vitality of the surrounding neighborhood.

Overall, both resident spending and the project operations are anticipated to support local business, create jobs, and contribute to the long-term vitality of the community.

### ***Updated Project Budget***

The project budget has been revised to reflect recent design and construction changes. The total combined costs for capital and operational expenses is \$29,672,300 consisting of \$20,137,410 in Homekey+ grant funding and \$9,534,890 in City soft funding commitments.

Funding Source	Amount	No. of Affordable Units
Homekey+	\$20,137,410.00	94 units at 30% of AMI
HHAP Round 3 and 4	\$ 7,569,272.25	36 units at 30% of AMI and 20 units at 80% of AMI
HOME	\$1,000,000.00	11 units at 50% of AMI (layered with HHAP units)
CDBG	\$ 965,617.75	30 units at 50% of AMI (layered with HHAP units)
<b>Total</b>	<b>\$29,672,300</b>	

The CDBG loan will carry 0% interest and will be forgiven over a 55-year term. The HHAP and HOME loans will accrue 3% simple interest, with residual receipts payments made throughout the 55-year affordability period.

The “layered” number of affordable units means that the City will be regulating, collectively, no more than 56 units as affordable units, and the City Manager will be granted authority to revise the applicable Regulatory Agreements prior to execution to identify those units that the City will be regulating as affordable once those units have been identified.

HHAP Round 3 funds must be expended by June 30, 2026, and CDBG funds must be expended by mid-April 2026 to meet HUD’s timeliness requirements.

On November 17, 2025, HCD notified the City and RHDC that they were awarded \$20,137,410 in Homekey+ grant funds. The award letter included the Program Acceptance of Terms and Conditions of Conditional Award (Attachment 1), which must be signed and returned within ten (10) calendar days. The City obtained an extension to January 16, 2026. Upon execution, HCD will finalize the Standard Agreement, including all required exhibits (Attachment 2).

Separately, on September 3, 2025, RHDC was notified by the Housing Authority of the County of Riverside that the Project will receive 94 Section 8 Project Based Vouchers where the housing assistance is tied to a specific housing unit rather than the tenant, ensuring housing affordability.

### **Bloomberg Cities Idea Exchange**

In 2023, Bloomberg Philanthropies launched the Bloomberg Cities Idea Exchange, a no-cost initiative connecting cities worldwide to share and scale innovative urban solutions. Among the eleven topics areas, the University Terrace Project aligned with the “Social Housing Retrofit” category.

Forty-two cities submitted proposals, and in March 2025, Riverside was selected as one of a small group invited to advance to the next phase by submitting a formal project summary and action plan. The University Terrace Homes Project aligns well with program timelines, which require implementation by June 2027.

A cross-departmental stakeholder team, including staff from the Housing and Human Services Department, Riverside Public Utilities, Office of Sustainability, and Community and Economic Development continue to attend workshops hosted by C40s Cities. If selected, the Project could receive local consultancy support of up to \$30,000, managed by C40 to assist directly with project advancement.

#### **Article XXXIV**

Article XXXIV of the California Constitution requires voter approval for certain affordable housing projects developed, constructed, or acquired by public entities. However, the State of California has taken the position that the Homekey+ program is exempt from these requirements.

According to the Homekey+ NOFA, the program serves individuals including veterans and youth who are homeless, chronically homeless, or at risk of homelessness and experiencing behavioral health challenges. For this reason, and pursuant to Health and Safety Code (HSC) Sections 37000–37002, the State of California has taken the position that Article XXXIV does not apply.

City staff consulted with Homekey+ program staff to obtain the State's legal interpretation of Article XXXIV and the following key points were shared by the State of California.

- HCD's review is governed by HSC Section 37001.
- HSC Section 37001(h)(3) clarifies that the term "*low-rent housing projects*" do not include projects funded with monies appropriated and disbursed by the Business, Consumer Services and Housing Agency (BCSH), HCD, or the California Housing Finance Agency.
- Therefore, Homekey+-funded projects do not require voter approval under Article XXXIV.

The State also referenced Senate Bill 469, which affirmed that the use of state affordable-housing funds does not trigger Article 34 voter-approval requirements.

As explained above, the City will be regulating less than ~~50-49%~~ of units in the Project as affordable, thereby not triggering voter approval under Article XXXIV.

#### **Homekey+ Grant Application and Program Participation Resolution**

After the submission of this staff report, City staff received a request from HCD to update the previously approved Resolution authorizing the submission of the Homekey+ Grant application and participation in the program. The update would reflect that 20 of the non-Homekey+ units will be made available to households earning at or below 80% of area median income (AMI) and will include a reference to the amended Homekey+ NOFA dated August 7, 2025. This represents a change from an income level of 50% of AMI to 80% of AMI and will help provide affordable housing opportunities for individuals working in the community who cannot afford market rents. This update is a cleanup item related to the application process.

If this item is approved, staff will return to City Council with the updated Resolution for consideration.

City staff is requesting the City Council to approve the recommendations outlined in this report to advance the project implementation and authorize loan commitments totaling \$9,534,890 through loan and regulatory agreements. These agreements will ensure that 56 housing units remain affordable for 55 years. The City's role in this Project is solely that of a funder, not a developer or

owner.

### **FISCAL IMPACT:**

The total fiscal impact of the recommendations to the City is \$9,534,890 consisting of the following:

Fund	Program	Account	Amount
HOME	University Terrace Homes	2520300-451532	\$1,000,000.00
Dev Grants	HHAP 3 Permanent Housing	9344490-440210	\$2,496,927.94
	HHAP 4 Permanent Housing	9347540-440210	\$5,072,344.31
CDBG	CDBG Unprogrammed	2520100-453001	\$ 965,617.75
<b>Total</b>			<b>\$9,534,890.00</b>

Additionally, four case managers will be funded by HHAP (Account No. 9351010-440210) and Measure Z (8002003-421000) in the approximate amount of \$552,000 and two case managers are funded by the City's Housing Authority (Account No. 2535000-41\*).

Prepared by: Michelle Davis, Housing and Human Services Director

Certified as to

availability of funds: Julie Nemes, Interim Finance Director

Approved by: Kris Martinez, Assistant City Manager

Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

#### Attachments:

1. Homekey+ Program Acceptance of Terms and Conditions of Conditional Award
2. Homekey+ Standard Agreement Exhibits
3. Community Development Block Grant Loan Agreement
4. HOME Investment Partnerships Program Loan Agreement
5. Homeless Housing, Assistance and Prevention Round 3 and 4 Loan Agreement
6. Presentation