



City of Arts & Innovation

REVISED

CC Date: 3-25-25
Item No.: 31

City Council Memorandum

TO: HONORABLE MAYOR AND COUNCIL DATE: MARCH 25, 2025

FROM: HOUSING AND HUMAN SERVICES WARD: 7

SUBJECT: RESOLUTION AUTHORIZING THE SUBMISSION OF A JOINT APPLICATION BETWEEN THE CITY OF RIVERSIDE AND SUNRISE AT BOGART, L.P. TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR \$3,651,3564,400,000 OF HOMEKEY+ PROGRAM FUNDS FOR THE DEVELOPMENT OF THE SUNRISE AT BOGART AFFORDABLE HOUSING PROJECT

ISSUE:

Adopt a Resolution authorizing the City Manager, or designee, to submit a joint application between the City of Riverside and Sunrise at Bogart, L.P. to the State of California Department of Housing and Community Development for \$3,651,3564,400,000 of Homekey+ Program funds for the development of the Sunrise at Bogart Affordable Housing project.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution authorizing the City Manager, or designee, to submit a joint application between the City of Riverside and Sunrise at Bogart L.P. to the State of California Department of Housing and Community Development for \$3,651,3564,400,000 of Homekey+ Program funds for the development of the Sunrise at Bogart Affordable Housing project;
2. Authorize the City Manager, or designee, to sign any documents that may be required to apply for and receive Homekey+ funds, including making minor or non-substantive changes; and
3. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenue in the amount of \$3,651,3564,400,000, or the amount of the grant award, and appropriate expenditures in the same amount in the Grants and Restricted Programs Fund, Homekey+ project revenue and expenditure accounts.

BACKGROUND:

On November 26, 2024, and amended on January 31, 2025, the State of California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for the Homekey+ Program. The Homekey+ Program is funded pursuant to Proposition 1. Proposition 1 supports projects critical to advancing the state's goals to reduce homelessness and protect vulnerable populations through changes to the Mental Health Services Act (MHSA)

Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the Permanent Supportive Housing component of the BHIBA.

Homekey+ will support the development of Permanent Supportive Housing for Veterans and individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness. Building on the success of both Roomkey and approximately \$3.572 billion awarded over three rounds of Homekey, Homekey+ continues a statewide effort to sustain and rapidly expand Permanent Supportive Housing for persons experiencing homelessness. Like other programs administered by the State of California that serve people experiencing homelessness, Homekey+ requires the use of Housing First, which is an evidenced-based model that quickly and successfully connects individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry or continued tenancy, such as sobriety, treatment or service participation requirements. With safe, affordable housing, and supportive services to address Behavioral Health Challenges, California’s most vulnerable residents will have the foundation they need to thrive.

Under the Homekey + NOFA, \$1.033 billion is being made available for veteran-serving projects and all other target population projects will have \$1.11 billion available. Eligible applicants include cities, counties, state and regional and local public entities and tribal entities. Eligible uses include acquisition and/or rehabilitation of motels, hotels, apartments, assisted living residences, commercial spaces and other buildings with existing uses that could be converted to PSH, new construction of dwelling units and gap financing. New construction projects and gap financing projects have 24 months to complete construction from the date of the grant award letter. Homekey + applications for gap financing are due by April 3, 2025 and awards announcements will start in June 2025.

The City of Riverside has 230 unoused individuals on the Coordinated Entry System Community Queue waiting for a permanent supportive housing unit.

DISCUSSION:

Staff is requesting City Council to consider a joint application between the City and Sunrise at Bogart, L.P. for Homekey+ gap financing in the amount of \$3,651,356 for the development of the Sunrise at Bogart affordable housing project.

Sunrise at Bogart



On March 14, 2019, the City of Riverside Housing Authority received an over-the-counter application from Neighborhood Partnership Housing Services (NPHS) to build 15 tiny cottages plus a small office building on Housing Authority property located at 11049 Bogart Avenue in the La Sierra Neighborhood; a community that would provide housing for chronically homeless individuals coupled with case management. Upon consultation with the Planning Division, the proposed community was expanded to 23 units (22 affordable and one unrestricted managers unit). The affordable housing units will be made affordable to households earning at or below 30% of Riverside County Median Income for a 55-year period (\$21,550 annual income for a one person household).

NPHS recently released a bid for the construction of the project and the costs came in higher than anticipated. As a result, NPHS has submitted a request to the City to submit a joint application between the City of Riverside and Sunrise at Bogart, L.P. to the State of California Department of Housing and Community Development for \$3,651,356-4,400,000 of Homekey+ Program gap financing funds for the development of the Sunrise at Bogart Affordable Housing project. If funding is awarded, NPHS will be able to proceed with the project.

On March 11, 2025, City Council approved an allocation of \$1,440,000 of Prohousing Incentive Pilot Program funding to Sunrise at Bogart, L.P. to cover predevelopment costs. On March 25, 2025, City Council will consider a Permanent Local Housing Allocation Loan Agreement with Sunrise at Bogart, L.P. for a \$380,562.

If the attached Resolution is approved by City Council and the Homekey+ funds are awarded to the City, staff will return to City Council at a later date with a funding agreement for the use of these funds.

FISCAL IMPACT:

The total fiscal impact of this action is an increase in revenue and expenditures of \$3,651,356-4,400,000. ~~The Finance Department will establish a new revenue and expenditure account in the Grants and Restricted Program Fund.~~ Upon City Council approval, an increase in revenue will be recorded in the amount of \$3,651,356-4,400,000, or in the amount of the grant award, and an equal amount appropriated in the Grants and Restricted Programs Fund, Homekey+ Project revenue and expenditure accounts to be established by the Finance Department at a later date.

Prepared by: Agripina Neubauer, Housing Project Manager
Approved by: Michelle Davis, Housing and Human Services Director
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Jack Liu, Interim City Attorney

Attachment: Resolution