

City of Sacramento  
**City Council - 2PM Report**  
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File ID: 2026-00136

2/10/2026

**La Mancha Project: Public Hearing and Authorization to Close-Out Community Development Block Grant - Corona Virus (CDBG-CV) Funds Allocated to the Project from the State of California Department of Housing and Community Development [Published 01/26/2026]**

File ID: 2026-00136

**Location:** 7789 La Mancha Way, District 5

**Recommendation:** Conduct a public hearing and adopt a **City Council Resolution** authorizing the Community Development Block Grant - Corona Virus (CDBG-CV) program closeout for the La Mancha Project.

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**Presenter:** Christine Weichert, Director of Development Finance, (916) 440-1353, [cweichert@shra.org](mailto:cweichert@shra.org), Sacramento Housing and Redevelopment Agency

**Attachments:**

- 1-Description/Analysis
- 2-City Council Resolution
- 3-Vicinity Map

**Description/Analysis**

**Issue Detail:** The California Department of Housing and Community Development (HCD) receives funding from the United States Department of Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG) program and allocates funds to CDBG eligible jurisdictions. Approximately \$77.1 million in CDBG Coronavirus Response federal funds, authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, were allocated to eligible jurisdictions to perform activities related to Coronavirus pandemic response and recovery.

The City of Sacramento, as a CDBG entitlement city, is not typically eligible to receive funds from HCD because it receives entitlement grant funds directly from HUD. However, HCD elected to allow entitlement jurisdictions to apply for CDBG-CV funds if they had been the recipients of Homekey Round One funding. In October of 2020, the City Housing Authority was awarded Homekey funds from HCD in the amount of \$13.2 million for the acquisition, construction, and permanent financing of

the La Mancha permanent supportive housing development located at 7789 La Mancha Way (Project), now known as the Los Molinos project. The Housing Authority was a co-recipient of the Homekey funding award in partnership with Mercy Housing California (Developer). A vicinity map is included as Attachment 3. The Project was completed in 2022 and provides 100 units of permanent supportive housing to formerly homeless individuals and families.

On April 21, 2021, HCD sent Homekey awardees and applicants an invitation to apply for HCD's set aside of CDBG - Coronavirus Response (CDBG-CV) funds to support Homekey projects. SHRA was eligible to apply to HCD for \$1.75 million in CDBG-CV funds to enhance the Project. On September 21, 2021, the Council approved an application for these funds and authorized entering into a grant agreement with HCD for the purpose of making additional improvements to the Project. SHRA submitted the application and was notified of an award in February of 2022. The additional scope of work added to the project included construction of an expanded community room with a covered entry, installations of covered outdoor gathering space, upgrades to the existing front/pedestrian gate, and painting the exterior of the building. These improvements were completed in early 2024.

In March of 2024, HCD announced that additional CDBG-CV funds were available. SHRA submitted an addendum to the application and was awarded an additional \$437,500 for the Project. These funds were used to convert existing water heaters to heat pumps to reduce operating costs by lowering the utility bills which helps the long-term viability of the Project. These improvements were completed in December of 2025.

Now that all activities have been completed, HCD requires that a grant closeout process take place within ninety (90) days of the expiration of the CDBG-CV agreement, which occurred on December 25, 2025. Required elements of CDBG-CV fund grant closeout include a public notice, conducting a closeout hearing, adopting a hearing resolution, and submission of a final report to HCD. A notice was published on January 25, 2026. Conducting this hearing and approval of the attached resolution will fulfill two of the remaining requirements. SHRA staff will submit the final report to HCD no later than March 25, 2026, to complete the grant closeout process.

**Policy Considerations:** No new policies are recommended in this action.

**Economic Impacts:** None.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Pursuant to Cal. Code Regs., tit.14, section 15268, and Assembly Bill 83 codified in Health and Safety Code section 50675.1.2, the La Mancha project was statutorily exempt from CEQA review. The recommended action constitutes an administrative activity and is not a "project" under section 15378(b)(2).

**National Environmental Policy Act (NEPA):** Pursuant to 24 C.F.R. section 58.40(g)(1), an

Environmental Assessment was completed for the La Mancha project with a Finding of No Significant Impact in 2020, and the project was re-evaluated in 2021 due to a change in scope and additional funding. In accordance with 24 C.F.R. section 58.47(b), the re-evaluation resulted in no changes to the original findings and authorization to close out funding is considered an administrative and management activity exempt from NEPA review. With respect to the laws and authorities specified in section 58.6, the recommended action does not involve activity that would require compliance with:

- 24 C.F.R. section 51.300-305;
- 16 U.S.C. section 3501 (Coastal Barrier Resources Act); or
- 42 U.S.C. sections 4001-4128, 5154(a) (Flood Disaster Protection Act and National Flood Insurance Reform Act).

**Sustainability:** Not applicable.

**Commission/Committee Action:** *Sacramento Housing and Redevelopment Commission:* At its meeting of February 4, 2026, it is anticipated that the Sacramento Housing and Redevelopment Commission will recommend approval of the attached resolution. In the event it fails to do so, Staff will advise the Council at the meeting.

**Rationale for Recommendation:** The closeout process will fulfill requirements for the CDBG-CV funds allocated by HCD to the La Mancha Homekey project.

**Financial Considerations:** Not applicable.

**Local Business Enterprise (LBE):**

**M/WBE & Section 3 Considerations:** Not applicable.

## RESOLUTION 2026-

### Adopted by the Sacramento City Council

#### **A Resolution of the City Council of the City Of Sacramento Approving the Close Out of 2020 Community Development Block Grant Program – Coronavirus Response (CDBG-CV) for Funds Allocated to the La Mancha Project**

#### **BACKGROUND**

- A. The State Department of Housing and Community Development (HCD) awarded Community Development Block Grant – Corona Virus (CDBG-CV) funds in the amount \$1.75 million to the Sacramento Housing and Redevelopment Agency (SHRA) for the La Mancha Project (Project) located at 7789 La Mancha Way. The initial Project was completed using Homekey funds in 2022 and provides 100 units of permanent supportive housing to formerly homeless individuals and families. The \$1.75 million in CDBG-CV funds were used for construction of an expanded community room with a covered entry, installation of covered outdoor gathering space, upgrades to the existing front/pedestrian gate, and painting the exterior of the building.
- B. After receiving notification from HCD, SHRA submitted an addendum to the application and was awarded an additional \$437,500 in CDBG-CV funds for the Project for a total allocation of \$2,187,000. These funds were used to convert existing water heaters to heat pumps to reduce operating costs by lowering the utility bills and help the long-term viability of the Project. The improvements were completed in December of 2025.
- C. HCD requires that grant closeout take place within ninety (90) days of the expiration of the CDBG-CV agreement which occurred on December 25, 2025. Required elements of CDBG-CV close out include a public notice, conducting a closeout hearing, adopting a hearing resolution, and submission of a final report to HCD. A notice was published on January 26, 2026. Conducting the public hearing and approval of this resolution will fulfill two of the remaining requirements. SHRA staff will submit the final report to HCD no later than March 25, 2026 to complete the grant closing process.
- D. Pursuant to Cal. Code Regs., tit.14, section 15268, and Assembly Bill 83 codified in Health and Safety Code section 50675.1.2, the La Mancha project was statutorily exempt from CEQA review. The recommended action constitutes an administrative activity and is not a “project” under section 15378(b)(2).
- E. Pursuant to 24 C.F.R. section 58.40(g)(1), an Environmental Assessment was completed for the La Mancha project with a Finding of No Significant Impact in 2020, and the project was re-evaluated in 2021 due to a change in scope and additional funding. In accordance with 24 C.F.R. section 58.47(b), the re-evaluation resulted in no changes to the original findings and authorization to close out funding is considered an administrative and management activity exempt from NEPA review.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

**SECTION 1.**

The City Council has reviewed and hereby approves the closeout to the State of California CDBG-CV grant. List of funded activities include improvements to the La Mancha Project located at 7789 La Mancha Ave. which include construction of an expanded community room with a covered entry, installation of covered outdoor gathering space, upgrades to the existing front/pedestrian gate, painting the exterior of the building construction of new community room and conversion of existing water heaters to heat pumps for a total CDBG-CV allocation of \$2,187,000.

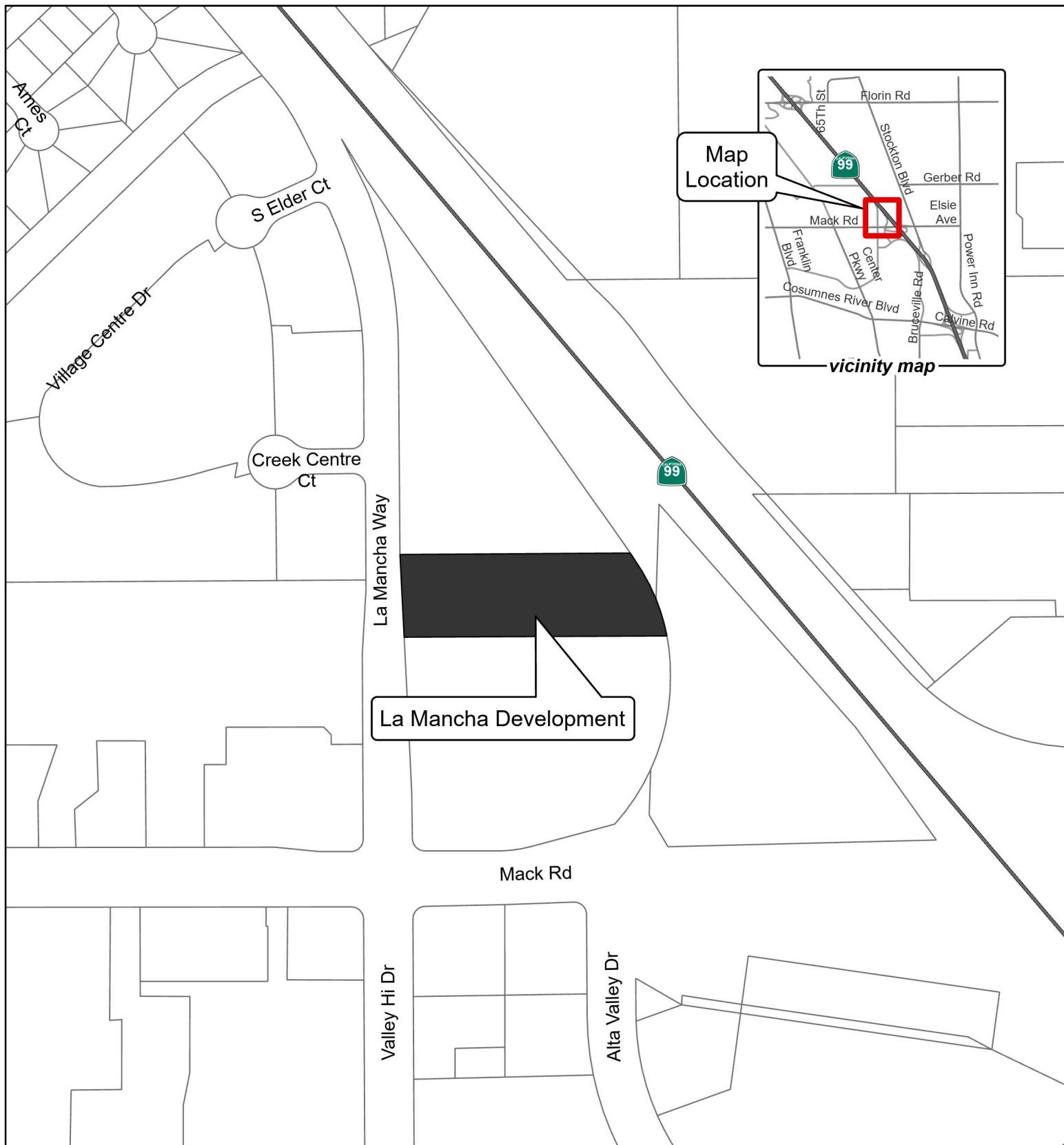
**SECTION 2.**

The City of Sacramento acknowledges compliance with all state and federal public participation requirements in the closeout process.

**SECTION 3.**

The City of Sacramento hereby authorizes and directs the Sacramento Housing and Redevelopment Agency (SHRA) to execute and deliver all necessary forms to HCD in all matters pertaining to the CDBG-CV fund close out process

# La Mancha Development



La Mancha Development (7789 La Mancha Way)

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150      300



SHRA GIS  
August 9, 2021