
File ID: 2025-01908

12/2/2025

Resolution Increasing Application Amount and Committing City HHAP funding for State Homekey+ Program Funding for Rio Linda Senior Housing Project

File ID: 2025-01908

Location: 2809 Rio Linda Boulevard, District 2

Recommendation: Adopt a **Resolution** authorizing the Interim City Manager or designee to: a) re-submit a joint application (“Application”) with Urban Capital LLC to the California Department of Housing and Community Development (“HCD”) for up to \$40 million of State of California Homekey+ Program funding for the Rio Linda Senior Housing Project (“Project”); and b) if awarded Homekey+ Program funding based on the updated Application: 1) accept Homekey+ Program funding in the amount up to \$40 million and establish the revenue and expenditure budget in the Rio Linda Homekey+ Grant Fund Project (Project) (G02610620); and 2) bring back to City Council a Homekey+ Standard Agreement with the State of California for the Homekey+ funding and request City Council authorization to execute any documents necessary to participate in the Homekey+ Program, and any amendments thereto; and c) expend \$3 million of City Homeless Housing, Assistance and Prevention (“HHAP”) 4 and 5 funding on the Project.

Contact: Ya-yin Isle, City Housing Manager, (916) 808-1869, yisle@cityofsacramento.org, City Manager’s Office of Innovation and Economic Development; Brian Pedro, Director, (916) 808-7816, bpedro1@cityofsacramento.org, Department of Community Response

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Resolution

Description/Analysis

Issue Detail: On May 13, 2025, the Sacramento City Council adopted Resolution No. 2025-0120, authorizing the Interim City Manager or designee to jointly apply for State Homekey+ grant funds for the Rio Linda Senior Housing Project (“Project”) on behalf of the City of Sacramento (“Application”) and Urban Capital LLC (“Co-Applicant”), who is the developer for the Project, for an amount up to \$28.4 million. On May 30, 2025, the application was submitted to HCD for the Project with a proposed 100 units of permanent supportive housing (“PSH”).

HCD subsequently issued an amendment to the Homekey+ Notice of Funding Availability (“NOFA”) on August 7, 2025, due to undersubscription of available Homekey+ funding after the original May 30, 2025, Homekey+ application deadline. The amended NOFA re-opened the Homekey+ NOFA for all project types, with prioritization for awarding projects based on inclusion of veteran units.

On October 1, 2025, the City and Urban Capital LLC submitted an updated application to HCD with a minor change to increase the number of veteran units from 10 units to 50 units. All 100 units of the Project will continue to serve homeless seniors. At the time of the initial submission, the City proposed a modest number of units for veterans due to uncertainty around regional demand and existing working relationships with the U.S. Department of Veterans Affairs (“VA”).

Since the City’s initial submission of the Application in May 2025, City staff have expanded capacity to serve veterans experiencing homelessness and have forged a robust and dynamic partnership with the VA, which has dramatically reshaped the City’s understanding of local veteran needs and ability to address such needs. As a direct result of this partnership, the City’s projected capacity to place veterans into PSH has significantly expanded, and an updated Homekey+ application was submitted with the increased number of dedicated veteran units to reflect the urgency and opportunity that exists for supporting unhoused veterans within the Sacramento community.

On November 4, 2025, HCD provided the City of Sacramento and Urban Capital LLC with a Threshold Clarification Letter detailing additional feedback, requirements, and points of clarification on the Application. With this feedback, the City of Sacramento desires to re-submit a joint application with Urban Capital LLC to HCD with an increased award amount of up to \$40 million. City staff also desires to formally commit \$3 million of City HHAP funds to the Project for operational costs as a necessary match to maximize the State operational funding award. The amended Homekey+ NOFA issued in August 2025, increased the amount of the operating match per veteran unit by \$30,000/unit, resulting in the need for a new resolution reflecting a larger grant amount.

Policy Considerations: The updated application for the State Homekey+ funding and commitment of HHAP funding to the Project will aid in the development of additional housing in the City, which is supported by the City’s General Plan, specifically **Policy H-36: Support Affordable Housing Development** in the City of Sacramento Housing Element that speaks to providing support for funding applications and gap financing.

In addition, the financing of PSH projects is consistent with the Sacramento Regionally Coordinated Homelessness Action Plan (RCHAP), adopted in March 2024 and updated in August 2025. The Project supports Solution 6 - Permanent Supportive Housing, which seeks to expand housing opportunities and capacity dedicated to meet the housing needs of people experiencing homelessness.

Economic Impacts: Not applicable.

Environmental Considerations: This report concerns actions supporting the submission of an application for HomeKey+ funds. The action is an administrative activity that would not result in direct or indirect physical changes in the environment and is not a project as defined in the California Environmental Quality Act (CEQA) Guidelines section 15378(b)(4) and is not subject to CEQA (CEQA Guidelines section 15060(c)(3)). In the event that the application for the State Homekey+ funding and commitment of City HHAP funding is approved, future activities and projects will be reviewed in accordance with CEQA Guidelines sections 15060 and 15061(a).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The recommendation in this report furthers the City's objective of providing a range of housing for community needs, including PSH. Staff are supportive of the Project as it will assist in the timely development of housing for people experiencing homelessness.

Financial Considerations: This report increases the Application amount requested from Homekey+ funding for the Project from up to \$28,400,000 to \$40,000,000. If Homekey+ funding is awarded based on the updated Application, staff recommend establishing the Rio Linda Homekey+ Grant Fund Project (G02610620). This report also recommends commitment of City HHAP-4 and HHAP-5 funding budgeted for PSH in the amount of \$3 million to receive the maximum funding for operating costs available through the Homekey+ Program. A total of \$3 million in City HHAP funds budgeted for PSH is recommended to be committed to the Project (G02610620), with \$1,049,254 coming from the HHAP-4 PSH Project (G02000984) and \$1,950,746 coming from the HHAP-5 PSH Project (G02000995). Sufficient funding exists in both HHAP projects to support the Rio Linda Homekey+ project.

Local Business Enterprise (LBE): Not applicable.

AUTHORIZING RESOLUTION

RESOLUTION NO. 2025-

Rio Linda Senior Housing Project
Adopted by the City Council of the City of Sacramento

December 2, 2025

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO AUTHORIZING INCREASE TO APPLICATION AMOUNT AND COMMITMENT OF CITY HOMELESS HOUSING, ASSISTANCE AND PREVENTION FUNDING FOR STATE HOMEKEY+ PROGRAM FOR RIO LINDA SENIOR HOUSING PROJECT

BACKGROUND

- A. The State of California's Department of Housing and Community Development ("HCD") issued a Notice of Funding Availability, dated November 26, 2024 ("NOFA"), for the Homekey+ Program ("Homekey+" or "Program"). HCD issued the NOFA for Homekey+ grant funds pursuant to Health and Safety Code Section 50675.1.3 (Assem. Bill No. 140 (2021-2022 Reg. Sess.), § 20.); Health and Safety Code Section 50675.1.5 (Assem. Bill No. 531 (2023-2024 Reg. Sess.); Section 14184.402 of the Welfare and Institutions Code; Section 5891.5 of the Welfare and Institutions Code; and Round 5 and 6 of the Homeless Housing, Assistance and Prevention ("HHAP") grant program (Assem. Bill No. 129 (Chapter 40, Statutes 2023) and Assem. Bill No. 166 (Chapter 48, Statutes 2024), respectively.
- B. On May 13, 2025, the Sacramento City Council adopted Resolution No. 2025-0120 authorizing the Interim City Manager or designee to jointly apply for Homekey+ grant funds for the Rio Linda Senior Housing Project on behalf of the City of Sacramento ("Applicant") and Urban Capital LLC ("Co-Applicant"), who is the developer for the Rio Linda Senior Housing Project, for an amount up to \$28.4 million. On May 30, 2025, the joint application ("Application") was submitted to HCD for the Rio Linda Senior Housing Project for 100 units of permanent supportive housing.
- C. HCD then issued an amendment to the NOFA on August 7, 2025 due to undersubscription of available Homekey+ funding after the original May 30, 2025, application deadline. The amendment reopened the Homekey+ NOFA for all project types, with prioritization for awarding projects based on inclusion of veteran units and increased the amount of operating match per veteran unit by \$30,000/unit.

- D. On October 1, 2025, the City and Urban Capital LLC submitted an updated application to HCD with a minor change to increase the number of veteran units at the Rio Linda Senior Housing Project from 10 to 50 units.
- E. On November 4, 2025, HCD provided the City of Sacramento with a Threshold Clarification Letter detailing additional feedback and points of clarification regarding its Homekey+ application. With this feedback, the City of Sacramento desires to re-submit a joint application with Urban Capital LLC to HCD with the 50 units for veterans and an increased award amount of up to \$40 million.
- F. HCD is authorized to administer Homekey+ pursuant to the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code). Homekey+ funding allocations are subject to the terms and conditions of the NOFA, the Application, the HCD-approved STD 213, Homekey+ Standard Agreement ("Standard Agreement"), and all other legal requirements of the Homekey+ Program.
- G. City HHAP funding is necessary as a match for operational costs to maximize the Homekey+ State operational funding award.

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

- Section 1. The City Council is hereby authorized and directed to re-submit a joint Application with Urban Capital LLC to HCD in response to HCD's feedback from November 4, 2025, and to jointly re-apply for Homekey+ grant funds in a total amount not to exceed \$40,000,000.
- Section 2. If the Application is approved, the Standard Agreement in a total amount not to exceed \$40,000,000 will be brought back to the City Council for approval and to receive Council authorization to enter into, execute, and deliver the Standard Agreement, any and all other documents required or deemed necessary or appropriate to secure the Homekey+ funds from HCD and to participate in the Homekey+ Program, and all amendments thereto (collectively, the "Homekey+ Documents").
- Section 3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement, and that the NOFA and Application will be incorporated in the Standard Agreement by reference and made a part thereof. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.

- Section 4. The City Manager or the City Manager's designee is authorized to execute the updated Application on behalf of the Applicant for participation in the Homekey+ Program.
- Section 5. If the updated Application for funding is approved, the City Manager or the City Manager's designee is authorized to accept the Homekey+ Program funding up to \$40 million and establish the revenue and expenditure budget in G02610620 (Operating Grant Fund, Fund 2702).
- Section 6. The City Manager or the City Manager's designee is authorized to expend \$3,000,000 of City HHAP-4 and 5 funding for the Rio Linda Senior Housing Project, with \$1,049,254 coming from the HHAP-4 PSH Project (G02000984) and \$1,950,746 coming from the HHAP-5 PSH Project (G02000995) to the Rio Linda Homekey+ Grant Fund Project (G02610620).

PASSED AND ADOPTED by the City of Sacramento City Council on _____, 2025, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

The undersigned, [NAME, TITLE of ATTESTOR] of the City of Sacramento does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

Signature: _____

Date: _____

Name: _____

Title: _____