

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: MEGAN BASINGER, DIRECTOR
HOUSING AND COMMUNITY SERVICES
SUBJECT: AUTHORIZING THE SUBMITTAL OF AN APPLICATION TO THE
STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT'S HOMEKEY PLUS GRANT
PROGRAM WITH BURBANK HOUSING DEVELOPMENT
CORPORATION, CARITAS HOMES PHASE II, LLC AND
CARITAS HOMES PHASE II L.P. AS CO-APPLICANTS FOR
CARITAS HOMES PHASE II IN AN AMOUNT NOT TO EXCEED
\$30 MILLION

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Housing and Community Services Department recommends that the Council, by resolution, authorize the submittal of a grant application to the State of California Department of Housing and Community Development's Homekey Plus grant program with Burbank Housing Development Corporation, Caritas Homes Phase II, LLC, and Caritas Homes Phase II L.P. as co-applicants in an amount not to exceed \$30 million for Caritas Homes Phase II and authorize the Mayor or designee to execute the application, Standard Agreement and any Amendments thereto and the Homekey Plus documents. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

On November 26, 2024, as amended March 27, 2026, the California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) in the amount of approximately \$2.145 billion in Homekey Plus ("Homekey+") grant funding for the development of permanent supportive housing for people experiencing or at risk of homelessness and who are also living with a behavioral health challenge. Caritas Homes Phase II, which is part of the Caritas Village project located in downtown Santa Rosa and will add sixty-three (63) new affordable apartments, meets the eligibility criteria for Homekey+ funding. The City of Santa Rosa, in coordination with Burbank Housing Development Corporation, Caritas Homes Phase II, LLC and Caritas Homes Phase II L.P., intends to submit an application for Homekey+ funds to HCD for Caritas Homes Phase II by August 31, 2026.

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GOAL

This item relates to Council Goal #5 - Plan for and Encourage Housing for All and Reduce Homelessness. This item authorizes the submittal of an application to HCD for an amount not to exceed \$30 million to support the construction and operations of a permanent supportive housing project for people experiencing homelessness.

BACKGROUND/PRIOR COUNCIL REVIEW

On November 26, 2024, and as amended March 27, 2026, HCD, in collaboration with the California Department of Veterans Affairs (CalVet) released a NOFA for the Homekey+ program, which makes available approximately \$2.145 billion in state funding to support the development of permanent supportive housing for Veterans and individuals with mental health or substance use disorders who are at risk of or are experiencing homelessness. The Homekey+ program is authorized by the Behavioral Health Infrastructure Bond Act (BHIBA), which was included under Proposition 1 passed by California voters in March of 2024. The Homekey+ program follows the original Homekey program, under which the City received funding for Caritas Center and St. Vincent DePaul Commons, and aims to create permanent supportive housing for people experiencing homelessness who also have a behavioral health challenge.

Caritas Homes Phase II, to be located at 360 7th Street in Santa Rosa, will include sixty-four (64) total units with thirty-two (32) units affordable to households at or below 20 percent of Area Median Income (AMI) and thirty-one (31) units affordable to households at or below 30% of AMI and one unrestricted Manager's unit. The unit mix will include ten (10) units designated for Veterans, twenty-seven (27) units for people experiencing chronic homelessness and twenty-six (26) units for people at risk of homelessness.

Caritas Homes Phase II is the final stage of the larger Caritas Village project consisting of Caritas Center, a comprehensive housing-focused homeless services facility including transitional and interim housing located at 301 6th Street, and Caritas Homes Phase I, a 64-unit affordable permanent supportive housing development located at 340 7th Street. Both Caritas Center and Caritas Homes Phase I are complete and operational.

On March 3, 2020, the City Council conducted a public hearing and approved the following for the Caritas Village project: 1) the Final Environmental Impact Report; 2) adopted findings of fact, mitigation monitoring and reporting requirements, and a statement of overriding considerations; 3) amended the General Plan from Medium Density Residential and Retail and Business Services to Transit Village-Mixed Use; 4)

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amended the Downtown Station Area Specific Plan to include all the project parcels within the Courthouse Square Sub-Area; 5) rezoned the parcels from Multi-family Residential to the Transit Village-Mixed Zoning District; 6) approved a Tentative Map for the Project; and 7) made findings and determinations and approved a Minor Use Permit for an Emergency Shelter at Caritas Village.

If Caritas Homes Phase II is awarded Homekey+ funding, the City and the co-applicants will be required to enter into a Standard Agreement with HCD pertaining to the administration of the funds.

ANALYSIS

The HCD Homekey+ grant opportunity has a potential award amount up to \$30 million to support the construction and operations for the final stage of a comprehensive project, Caritas Village, addressing homelessness in the City. Eligible operating expenses under the Homekey+ guidelines include but are not limited to necessary recurring expenses such as utilities, maintenance, and management fees; funding these expenses through the grant allows the rents to be made affordable to extremely low and acutely low-income households.

HCD program requirements include the recordation of a Regulatory Agreement against the property, evidence of funding commitments to support long term affordability and sustainable operations and services for the Project, and annual reporting by the City following the execution of the Standard Agreement. Annual reporting will be required for at least five years following full occupancy of the Project and until the Homekey+ operating subsidy has been fully expended.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

The greater Caritas Village development, including Caritas Homes Phase II, was reviewed in the Final Environmental Impact Report certified by the City Council on March 3, 2020 (State Clearinghouse No. 2019012040). The Council also adopted findings of fact, a mitigation monitoring and reporting program, and a statement of overriding considerations for the project. A National Environmental Policy Act (NEPA) Environmental Assessment was completed in 2021.

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The recommended action authorizes the submittal of a grant application and execution of related grant documents. It does not approve any changes to the previously approved project or authorize new physical development beyond the scope of the prior environmental review. Accordingly, none of the circumstances requiring subsequent or supplemental environmental review under CEQA Guidelines Section 15162 are present, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

The co-applicants for the Homekey+ application were notified of this action.

ATTACHMENTS

- Resolution

PRESENTER(S)

Rebecca Lane, Program Specialist
Housing and Community Services