



Report to City Council

TO: Mayor and City Council

FROM: Brian Mohan, City Manager

AGENDA DATE: April 1, 2025

TITLE: **PROVIDE DIRECTION TO STAFF REGARDING A REQUEST FOR PROPOSAL (RFP) PROCESS TO SEEK PARTNERS FOR THE HOMEKEY+ APPLICATION FUNDING (REPORT OF: CITY MANAGER)**

TITLE SUMMARY: Provide direction to staff regarding an Request for Proposal (RFP) process to seek partners for the Homekey+ Application funding.

Recommendation(s)

That the City Council:

1. Review background information regarding the HomeKey+ grant funding requirements and direct staff to open a Request for Proposals (RFP) to find a partner that meets all of the grant requirements.
2. Or provide staff with an alternative direction.

SUMMARY

On March 19, 2025, the Homeless Ad Hoc Subcommittee requested staff bring this item before Council to discuss the background information regarding the HomeKey+ grant funding requirements in reference to opening an RFP to find a partner that meets all of the grant requirements and to submit an application prior to the May 30, 2025 grant deadline.

BACKGROUND

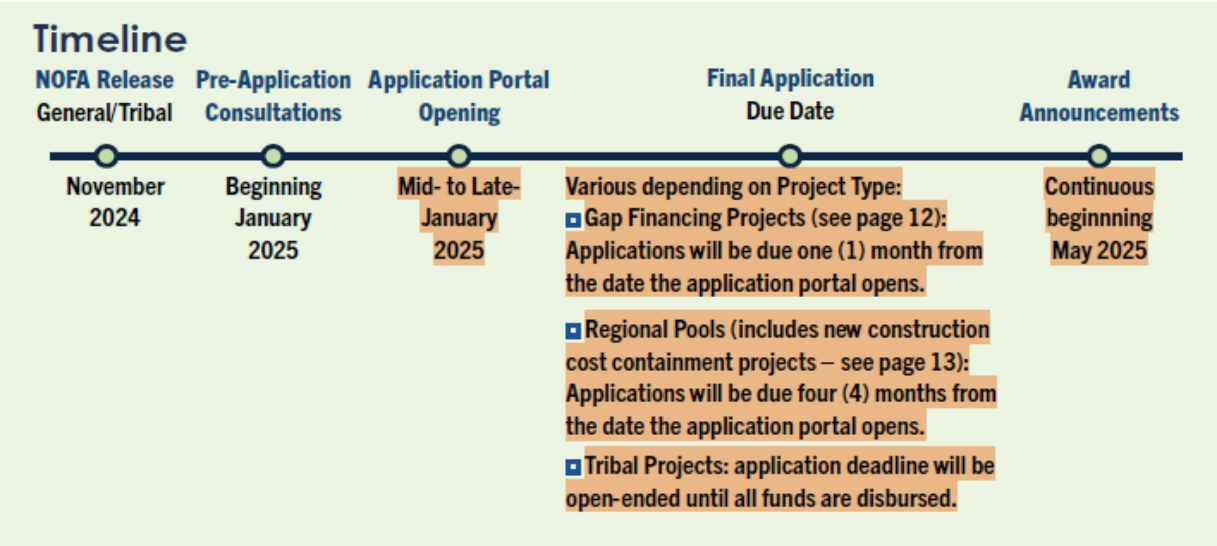
Homekey+ is the permanent housing component of the Behavioral Health Infrastructure Bond Act, part of Proposition 1 passed by California voters in March 2024. With funding allocated from the Bond Act, the California Department of Housing and Community Development (HCD), in partnership with CalVet, will expand the successful Homekey Program and honor the State’s long-standing commitment to housing veterans to help support the development of permanent affordable housing with supportive services for veterans and individuals with mental health or substance use challenges who are at risk of, or experiencing, homelessness.

Program Summary

Funding available: In order to expedite the creation of housing, the entirety of Homekey+ funding, including Homeless Housing, Assistance, and Prevention Program (HHAP) Homekey Supplemental funding (General Fund) made available in the 23-24 and 24-25 state budgets, will be released in November 2024. Non-Tribal Proposition 1 funds and HHAP Homekey Supplemental funds will be released as a single NOFA and have the same base programmatic requirements.

Total funds available to house and serve individuals with behavioral health conditions is approximately \$2.250 billion (excluding allowable state administration funds).

NOFA	DESCRIPTION	ESTIMATED NOFA AMOUNT
GENERAL NOFA	Veteran-serving projects	TOTAL \$1.033 billion (Proposition 1)
	All Projects (includes Prop 1 and HHAP Homekey supplemental funds)	\$805 million (Proposition 1) \$291 million HHAP Homekey Supplemental (General Fund) TOTAL \$1.096 billion to include: homeless or at-risk youth target (age 18-25) of approximately \$74 million
TRIBAL NOFA	Tribal Applicants (includes Prop 1 and HHAP Homekey supplemental funds)	\$89 million (Proposition 1) \$32 million HHAP Homekey Supplemental TOTAL \$121 million
	Total Funds Available	\$2.250 billion



Eligible Project Types

- The Homekey+ program is for Permanent Supportive Housing units and will require a 55-year affordability term.
- The following is a non-exhaustive list of eligible project types:
 - Conversion of nonresidential structures to Permanent Supportive Housing.
 - Conversion of commercially zoned structures, such as office or retail spaces, to Permanent Supportive Housing.
 - Conversion of buildings with existing residential uses to Permanent Supportive Housing.
 - New construction of multifamily rental housing projects, including development on excess state-owned properties.
 - Scattered site housing on multiple contiguous or non-contiguous sites is permitted as long as the resulting housing has common ownership, financing, and property management.
 - Shared housing, which is a structure shared by two or more households, where each household is in a separate private bedroom that can be locked.

Homekey+ will not award

- Interim housing projects: Interim housing is an ineligible use, as the proposition approved by voters specified Permanent Supportive Housing. Communities interested in treatment settings and interim housing solutions may wish to consider applying to the bond funding administered by DHCS, as well as HHAP funding, and Behavioral Health Bridge Housing funds (awarded to County Behavioral Health Departments).
- Previously awarded Homekey projects (except projects expanding to create additional new units).

Eligible Uses

- Homekey+ will provide applicants the flexibility to take advantage of specific opportunities available within their community that will result in the speedy acquisition and creation of new homes.
- Eligible uses will include:
 - Acquisition and/or Rehabilitation of motels, hotels, hostels, or other sites and assets to be converted to Permanent Supportive Housing.
 - Conversion of units from nonresidential to Permanent Supportive Housing (i.e., adaptive reuse). New construction of dwelling units.
 - Master leasing of properties for non-congregate Permanent Supportive Housing.
 - Purchase of affordability covenants and restrictions for units.
 - Relocation costs for individuals who are being displaced as a result of the Homekey+ project.
 - Capitalized operating subsidies for units purchased, converted, constructed, or altered with Homekey+ funds.

Eligible Applicants

Local public entities, including but not limited to cities, counties, and public housing authorities will be considered lead applicants. Local public entities may apply with a co-applicant development partner. For Tribal Homekey+, Tribal Entities are eligible, lead applicants. The applicant will need to demonstrate coordination with County Behavioral Health Department for their community, e.g. notification that an application for Homekey+ funding has been submitted. The NOFA will provide more information about these requirements.

Populations Served

Regardless of the target population (Veteran, Homeless Youth, etc.) all units must be reserved to individuals with a “Behavioral Health Challenge” as defined within the California Welfare and Institutions Code to include but not be limited to mean a serious mental illness, as described in subdivision (c) or (d) of Section 14184.402, or a substance use disorder, as described in Section 5891.5. Additional definitions relevant to Homekey+ include the following:

- “Target population” means a person described in subdivision (c) or (d) of Section 14184.402, or a person with a substance use disorder, as described in Section 5891.5, except that enrollment in Medi-Cal or in any other health plan shall not be a condition for accessing housing or continuing to be housed.
- “Homelessness, Chronic Homelessness, or at risk of homelessness” has the same meaning as defined in Title 24 Code of Federal Regulations (CFR) Section 578.3
- “Veteran”, for the purposes of this program, is defined as a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.

- “Homeless Youth” means a child, youth, or current or former Foster Youth through the age of 25 who qualifies as “Homeless” under any of the relevant definitions set forth or identified in Title 24 CFR Part 578.3.

**Please note all the terms defined above were approved by voters and cannot be changed.

Homekey+ Application Review Framework and Funding Priorities

- Over-the-Counter Application and Award Process: Applications will be reviewed on a first-come, first-serve basis, and awards made to eligible projects until funding is exhausted, with priority given to projects with sustainable operations.
- Emphasis on Project Readiness: A goal of Homekey+ is to quickly facilitate the creation of affordable permanent homes for the target population, which also includes making funding decisions in a timely fashion. Due to the first-come, first-serve nature of the program, and limited funding amounts per region, delays in determining eligibility for an award for one project also delays projects subsequently submitted. HCD anticipates reserving the right to bypass and deprioritize applications that do not supply timely or responsive requests for clarifying information.
- Emphasis on Sustainable Operations: Homekey+ will require a minimum of 3 years of operating match, although priority will be given to projects that demonstrate operating sustainability over the 15 years reviewed in the application. While project-based vouchers continue to be an excellent source of operational sustainability, the availability of vouchers varies by community. Further, it is important to note that starting in July 2026, 30% of each county’s Behavioral Health Services Act (BHSA) allocation must be spent on housing interventions. Guidance on allowable expenditures will be released by DHCS in early 2025. Counties may choose to utilize portions of this allocation to provide operations funding for Homekey+ projects which can provide long-term operational sustainability. Additionally, BHSA and other local, state, and federal funding sources are available for counties to provide behavioral health treatment services. Prospective applicants are highly encouraged to engage with the applicable County Behavioral Health Department to determine how BHSA dollars may be used to support allowable housing costs for individuals with behavioral health conditions that meet the eligibility for BHSA services. HCD and other state teams will provide additional TA materials and resources about these and other funding sources.

The information contained above was excerpt from the attached document titled “homekey-plus-draft-guidelines”. Additional information and other details of requirements are also included in said document.

DISCUSSION

The State started releasing information regarding this funding opportunity in summer of 2024 with a planned Notice of Funding Availability to be released something in November

2024.

On September 4, 2025, the City Manager's office met with County representatives related to possible partnership of developing regional projects, which the County could then consider all of the possible projects in the incorporated and unincorporated areas. At this meeting, the city mentioned that it did not have any city owned land that would be available for a possible project. We discussed the two parcels that the county owns near the Riverside County Health Systems campus off of Cactus Ave.

On October 21, 2024, the City began working with the March JPA and U.S.Vets to determine a partnership in order to fund the expansion of the U.S. Vets facility. Between that date through February 14, 2025, U.S. Vets were reviewing all of the HomeKey+ grant guidelines to ensure they would be able to meet and perform under the strict criteria, which we were informed that they would not be moving forward.

On March 19, 2025, the Homeless Ad Hoc Subcommittee requested staff bring this item before Council to discuss the background information regarding the HomeKey+ grant funding requirements in reference to opening an RFP to find a partner that meets all of the grant requirements and to submit an application prior to the May 30, 2025 grant deadline.

FISCAL IMPACT

Unknown at this point. Will be based on Council direction and negotiations with a possible partner for this funding application.

NOTIFICATION

Publication of the Agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Brian Mohan
City Manager

Department Head Approval:
Brian Mohan
City Manager

CITY COUNCIL GOALS

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

Positive Environment: Create a positive environment for the development of Moreno Valley's future.

Public Safety: Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

Report Approval Details

Document Title:	STAFFREPORT_CM_HOMELESSSUB_HOMEKEY+.docx
Attachments:	- homekey-plus-draft-guidelines.pdf
Final Approval Date:	Mar 26, 2025

This report and all of its attachments were approved and signed as outlined below:

Patty Rodriguez

Natalia Lopez

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