



Office of the City Manager

CONSENT CALENDAR
May 19, 2026

To: Honorable Mayor and Members of the City Council
 From: Paul Buddenhagen, City Manager
 Submitted by: Scott Gilman, Director, Health, Housing, and Community Services
 Subject: Joint Homekey+ Application for the Insight Housing's North Berkeley BART Permanent Supportive Housing Project

RECOMMENDATION

Adopt two Resolutions approving the following actions in support of a Homekey+ program funding allocation by:

1. Authorizing the City Manager or designee to prepare and submit a joint application with Insight Housing (Insight) to the State of California Housing and Community Development (HCD) Department's Homekey+ program for the North Berkeley BART (NBB) Permanent Supportive Housing (PSH) project, which will provide permanent supportive housing for people experiencing homelessness.
2. Authorizing the City Manager or designee to take all necessary actions for the City's participation in HCD's Homekey+ program, including entering into HCD's Standard Agreement and any amendments.
3. Authorizing the City Manager or designee to execute all original or amended documents or agreements necessary to effectuate these actions.

FISCAL IMPACTS OF RECOMMENDATION

If the joint application to the Homekey+ program is successful, the total award of up to \$45,000,000 (to be split between capital and operating expenses) will go to Insight. HCD requires the eligible applicant, the City, to be the recipient of funds. If the application is awarded, the City will pass the funds through to Insight or a Special Purpose Entity (SPE) created by Insight to own and operate the project.

The City has an existing funding reservation intended for this project for \$9,010,000. No new City funds will be allocated with this Council action.

CURRENT SITUATION AND ITS EFFECTS

Insight requested that the City jointly apply for Homekey+ funding to support the construction and operation of its NBB PSH project for formerly homeless individuals. The project, to be located at 1750 Sacramento Street, is planned to have 85 studio and 1-bedroom units serving homeless individuals and veterans.

The City's funding reservation of \$9,010,000 for the NBB PSH project includes \$641,509 in predevelopment funds approved by Council with Resolutions No. 70,643-N.S. and 70-991-N.S. and \$8,368,491 in development funds City Council approved on February 10, 2026 with Resolution 72,124-N.S.

In addition to City funds, Insight has secured predevelopment loan funding for the project from Bay Area Housing Finance Authority for \$250,000 and annual operating subsidies of over \$1.3 million from 50 project-based vouchers (PBV) from the Berkeley Housing Authority, over \$1 million from 35 Veterans Affairs Supportive housing (HUD-VASH) vouchers, and \$372,000 from the Alameda County Behavioral Health Services. Insight intends to pursue 4% tax credits and funding from Federal Home Loan Bank's Affordable Housing Program. If the Homekey+ application is successful, the project could begin construction in 2027.

To meet the eligibility requirements of HCD's Homekey+ program, the City must jointly apply with the development team and provide matching funds. The application will list the City's funding reservation of \$9,010,000 as the required capital match. In order for the project to receive the Homekey+ funds, the City will be required to enter into the State's Standard Agreement, which will require the project to remain affordable for 55 years. The City may be required to accept a portion of the project's liability as a condition of the joint Homekey+ application. Any mitigation of such risk will be part of a side agreement negotiated between the City and Insight and will include indemnification terms as well as each party's respective responsibilities.

BACKGROUND

Homekey+ is a program funded by Proposition 1 to build permanent supportive housing for veterans and other individuals with mental health and/or substance use disorders. HCD released the Homekey+ NOFA on November 23, 2024 and then released an amended NOFA on March 27, 2026. The amendment states that applications are now being accepted for projects pursuing tax credits. This makes the NBB Insight PSH project eligible. HCD will accept and announce Homekey+ awards on a first come, first served basis. Homekey+ applications require participation of a public entity, and entities are required to use HCD's Homekey+ resolution template, which must be adopted as written.

To date, the City has partnered on three successful Homekey or Homekey+ applications. In 2021, the City jointly applied with Bay Area Community Services (BACS) and Memar Properties for the Golden Bear Inn, which was formerly operated as a 44-room hotel. The project reached full occupancy in January 2023 and serves chronically homeless households, with services provided by Housing Consortium of the East Bay (HCEB). In 2023, the City jointly applied with Memar Properties and HCEB during the third round of Homekey funding for the University Inn located at 1461 University. The 43-unit project is occupied, and renovations will be completed in May 2026. Most recently, the City jointly applied with Insight Housing for Homekey+ funding

for their Martin Luther King House property. Insight anticipates starting rehab work in summer 2026 and will serve 11 formerly unhoused veterans.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no environmental sustainability effects directly associated with the recommendations in this report. If the City's funding application is successful, the project will be constructed in accordance with the City of Berkeley's green building requirements.

RATIONALE FOR RECOMMENDATION

Participation with Insight in a joint Homekey+ application for the NBB PSH project will support people experiencing homelessness in Berkeley and will bring permanent supportive housing units for that population online within the next few years.

ALTERNATIVE ACTIONS CONSIDERED

The City could decline to participate in the Homekey+ program. Since that would not be consistent with the City's Strategic Plan to increase affordable housing opportunities, staff is recommending participation as described above.

CONTACT PERSON

Asavari Devadiga, Community Development Project Coordinator, Health, Housing, and Community Services, (510) 981-5426

Attachments:

- 1: Resolution
- 2: Resolution

RESOLUTION NO. ##,###-N.S.

APPROVAL TO SUBMIT JOINT APPLICATION WITH INSIGHT HOUSING FOR HOMEKEY+ FUNDS FOR INSIGHT'S NORTH BERKELEY BART PERMANENT SUPPORTIVE HOUSING PROJECT

WHEREAS, on December 13, 2022, by Resolution 70,643-N.S., the City Council approved the reservation of \$500,000 to support master planning and predevelopment activities related to the development of affordable housing at the North Berkeley BART site; and

WHEREAS, on July 25, 2023, by Resolution 70,991-N.S., the City Council approved the reservation of \$1,500,000 for supporting master planning and predevelopment activities relate to the development of affordable housing at the North Berkeley BART site; and

WHEREAS, Insight Housing's North Berkeley BART Permanent Supportive Housing project (Project) is one of projects at the North Berkeley BART site; and

WHEREAS, on June 25, 2024, the City Council adopted Resolution No. 71,428-N.S., which reserved \$24,500,000 in Housing Trust Funds (HTF) for the North Berkeley BART project for a period of no more than 24 months from the resolution date; and

WHEREAS, on June 25, 2024, the City Council adopted Resolution No. 71,428-N.S., which authorized no more than \$3,000,000 of the \$24,500,000 reservation available for predevelopment activities at the North Berkeley BART project; and

WHEREAS, on February 10, 2026, by Resolution No. 72,124-N.S., the City Council approved extending the funding reservation of \$21,500,000 for the North Berkeley BART project for no more than 24 months from the date of the resolution; and

WHEREAS, by Resolutions No. 70,643-N.S., 70-991-N.S., and 72,124-N.S., the City Council approved \$9,010,000 in support of the Project; and

WHEREAS, on March 27, 2026, the State of California Housing and Community Development Department ("HCD") released an amended Notice of Funding Availability for \$2.2B of Homekey+ funds, making the Project eligible to apply; and

WHEREAS, in order for Insight Housing to pursue HCD funding through the Homekey+ program, Insight must submit a joint application with the City of Berkeley; and

WHEREAS, the City may be required to accept a portion of the Project's liability as a condition of the joint Homekey+ application, though the risk may be mitigated by a side agreement negotiated between the City and Insight Housing.

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NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the submission of a joint application with Insight Housing or their affiliate for the Homekey+ application for the Project.

BE IT FURTHER RESOLVED that the City Manager shall work to mitigate risk to the City from serving as a joint applicant, including negotiating an agreement with Insight Housing regarding mutual responsibilities.

BE IT FURTHER RESOLVED that the City Manager, or designee, is authorized to execute in the name of Applicant the Homekey+ Program Application Package and the Homekey+ Program Documents as required by HCD for participation in the Homekey+ program.

BE IT FURTHER RESOLVED that the City Manager, or designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements, and any amendments will be kept on file in the Office of the City Clerk.

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RESOLUTION NO. ##,###-N.S.

North Berkeley BART Permanent Supportive Housing project

A RESOLUTION OF THE GOVERNING BODY OF CITY OF BERKELEY AUTHORIZING JOINT APPLICATION TO AND PARTICIPATION IN THE HOMEKEY+ PROGRAM

WHEREAS:

- A. The Department of Housing and Community Development (“HCD”) has issued a Notice of Funding Availability, dated November 26, 2024 (“NOFA”), for the Homekey+ Program (“Homekey+” or “Program”). HCD has 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; and
- B. City of Berkeley (“Applicant”) desires to jointly apply for Homekey+ grant funds with Insight Housing (“Insight”), therefore, Applicant is joining Insight in the submittal of an application for Homekey+ funds (“Application”) to HCD for review and consideration; and
- C. 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, Standard Agreement (“Standard Agreement”), and all other legal requirements of the Homekey+ Program.

THEREFORE, IT IS RESOLVED THAT:

- 1. Insight, in coordination with the City Manager, is hereby authorized and directed to submit a joint Application to HCD in response to the NOFA, and to jointly apply for Homekey+ grant funds in a total amount not to exceed \$45 million.
- 2. If the Application is approved, Insight is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$45 million, 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”).

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3. Insight 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.
4. The City Manager or their designee is authorized to execute the Application and the Homekey+Documents on behalf of Insight for participation in the Homekey+ Program.

