



Office of the City Manager

CONSENT CALENDAR
November 10, 2025

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: Amend Resolution No. 71,682-N.S for Joint Homekey+ Application for MLK House at 2942-44 Martin Luther King, Jr. Way

RECOMMENDATION

Adopt a Resolution amending Resolution No. 71,682-N.S authorizing the City Manager or designee to increase the requested grant funds amount to the State of California Housing and Community Development (HCD) Department's Homekey+ program for the MLK House project from \$4,500,000 to \$5,000,000.

FISCAL IMPACTS OF RECOMMENDATION

If the joint application to the Homekey+ program is successful, the total award will increase from \$4,224,000 to \$4,554,000 (\$3,300,000 capital request and \$1,254,000 operating request). The grant funds will go directly to 2942 MLK Berkeley LLC, a Special Purpose Entity (SPE) created by Insight Housing (Insight) to own and operate the project. However, if HCD requires the City to be the recipient of funds instead of the SPE, the City will pass the funds through to the SPE for the project.

CURRENT SITUATION AND ITS EFFECTS

On August 7, 2025, HCD amended the Homekey+ 2024 Notice of Funding Availability (NOFA). One of these amendments provided an additional \$30,000 in operating funds per veteran unit. Since the MLK House project includes 11 veteran units, it is eligible for an additional \$330,000 for a total of \$4,554,000. In order to accept the additional funds, HCD requires an update to the authorizing resolution, Resolution No. 71,682-N.S. adopted by Council on March 11, 2025, which requested a total amount not to exceed \$4,500,000.

Resolution No. 71,682-N.S. with proposed changes – redlined is attached to this report as Attachment 1. It revises the total amount of requested Homekey+ grant funds to not exceed \$5,000,000. Attachment 2 is the clean version of the amended resolution if Council adopts the changes.

BACKGROUND

Homekey+ is a new program funded by Proposition 1 to build permanent supportive housing for veterans and other individuals with mental health and/or substance use

disorders. There is \$1.033 billion available for veterans and \$1.11 billion for all other eligible populations. It has a similar model to the original Homekey program which encouraged rehabilitation and conversion of existing buildings into permanent affordable housing. HCD released the Homekey+ NOFA on November 23, 2024, and HCD announced Homekey+ awards in the summer of 2025 on a rolling basis. As of September 18, 2025, almost \$285 million was awarded to create 825 affordable and supportive homes in California.

Insight requested that the City jointly apply for Homekey+ funding to support the renovation and operation of its MLK House project. MLK House (2942-2944 Martin Luther King, Jr. Way) is a Single-Room Occupancy (SRO) permanent housing project with shared bathrooms and a communal kitchen.

Insight took ownership of MLK House in November 2024 and intends to convert the property into supportive housing for 11 homeless or formerly homeless veterans. The City provided a \$2,000,988 Housing Trust Fund program loan (authorized by Council in January 2024 with Resolution No. 71,190-N.S.) to support the rehabilitation of the property. Insight intends to use the funds to add kitchenettes to each room to make them eligible for Veterans Affairs Supportive Housing (VASH) vouchers from the Department of Veterans Affairs (VA). The vouchers will provide critical operating support, but additional capital and operating funding from Homekey+ would benefit the project's long-term feasibility.

To meet the eligibility requirements of HCD's Homekey+ program, the City will need to jointly apply with the development team and provide matching funds. The application will list the City's \$2,000,988 HTF reservation as the required capital match. 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.

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 rehabilitated, which is generally considered a more sustainable type of development.

RATIONALE FOR RECOMMENDATION

Participation in a joint Homekey+ application with Insight Housing for MLK House will support veterans experiencing homelessness with behavioral health challenges and will bring permanent supportive housing units for that population online on an expedited timeline. Adopting this revised resolution will allow MLK House to apply for an additional \$330,000 in operating funds.

ALTERNATIVE ACTIONS CONSIDERED

The City could decline to increase the total amount of grant funds. 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

Be Tran, Community Development Project Coordinator, HHCS, (510) 981-5430

Attachments:

- 1: Draft Resolution No. 71,682-N.S with proposed changes – Redlined
- 2: Amended Resolution No. 71,682-N.S. – Clean copy

RESOLUTION NO. 71,682 -N.S.

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

WHEREAS, 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

WHEREAS, City of Berkeley (“Applicant”) desires to jointly apply for Homekey+ grant funds with Insight Housing and 2942 MLK Berkeley LLC. Therefore, Applicant is joining Insight Housing and 2942 MLK Berkeley LLC in the submittal of an application for Homekey+ funds (“Application”) to HCD for review and consideration; and

WHEREAS, 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.

NOW THEREFORE, BE IT RESOLVED that Applicant 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 \$4,500,000,000.

BE IT FURTHER RESOLVED that if the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$4,500,000,000, 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”).

BE IT FURTHER RESOLVED that 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.

BE IT FURTHER RESOLVED that the City Manager, or his designee, is authorized to execute the Application and the Homekey+ Documents on behalf of City of Berkeley for participation in the Homekey+ Program.

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NOW THEREFORE, BE IT RESOLVED that Applicant 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 \$5,000,000.

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