



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: MARCH 12, 2024**

**FROM: DEPARTMENT OF HOUSING AND HUMAN SERVICES DEPARTMENT** **WARD: 2**

**SUBJECT: PROPOSED AMENDMENT TO THE CITY OF RIVERSIDE 2020-2021 UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ANNUAL ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TO CANCEL AND REALLOCATE \$300,000 IN FUNDING FROM 2348 UNIVERSITY AVENUE HOUSING REHABILITATION TO THE RIVERSIDE ACCESS CENTER REHABILITATION PROJECT – FUNDS TRANSFER**

## **ISSUE:**

Approve an amendment to the 2020-2021 United States Department of Housing and Urban Development Annual Action Plan to cancel and reallocate \$300,000 in Community Development Block Grant funds from the 2348 University Avenue Housing Rehabilitation Project to the 2023-2024 Riverside Access Center Rehabilitation Project, which was originally funded at \$661,000 bringing the total grant allocation to \$961,000.

## **RECOMMENDATIONS:**

That the City Council:

1. Authorize an amendment to the 2020-2021 United States Department of Housing and Urban Development Annual Action Plan to cancel the 2348 University Avenue Housing Rehabilitation Project and its allocation of \$300,000;
2. Authorize a funds transfer in the amount of \$300,000 within the Development Grants Fund from the 2020-2021 2348 University Avenue Housing Rehabilitation account to the 2023-2024 Riverside Access Center Rehabilitation account;
3. Authorize an amendment to the 2023-2024 United States Department of Housing and Urban Development Annual Action Plan to reprogram \$300,000 to the Riverside Access Center Rehabilitation Project;
4. Authorize the City Manager, or his designee, to execute a Memorandum of Understanding with the Department of Housing and Human Services Department for the 2023-2024 Riverside Access Center Rehabilitation Project, including making minor non-substantive changes, and to sign all documents and instruments necessary to implement this action;

and

5. Upon execution of the Memorandum of Understanding, authorize the supplemental appropriation of \$300,000 to Grants and Restricted Programs Fund project accounts to be assigned by the Finance Division, and a supplemental appropriation in the same amount to the inter-fund account for reimbursement of CDBG-related expenditures.

### **BACKGROUND:**

On June 2, 2020, the City Council adopted the 2020-2021 United States Department of Housing and Urban Development (HUD) Annual Action Plan and authorized the appropriation of Community Development Block Grant (CDBG) funds in the amount of \$300,000 for the rehabilitation of a duplex located at 2348 University Avenue. The project would consist of substantial rehabilitation of a duplex to address health and safety issues, including the foundation, carpentry, roofing, windows, drywall, HVAC, electrical, plumbing, ADA accessibility, landscape, and fire suppression.

### **DISCUSSION:**

General Services reviewed the condition of the structure that was in disrepair and the cost affiliated with abating lead-based paint and asbestos based on a recent report and found that the cost to substantially rehabilitate the property and to demolish the structure and replace two housing units with three units housing would each cost approximately \$1,200,000. Since an additional affordable housing unit would result from demolishing the existing structure and developing three new affordable housing units, staff is recommending proceeding with this option.

Since CDBG funds cannot be used by the City for new construction of housing, staff is recommending reallocating \$300,000 of CDBG funds to the Riverside Access Center Rehabilitation Project, which will increase the grant allocation amount from \$661,000 to \$961,000. This project is located within income-eligible Census Tract 305.02 Block Group No. 2. This existing project will allow for the completion of an outstanding capital improvement project and complete the much-needed renovation of the Riverside Access Center to best serve our consumers.

The proposed amendment to the HUD 2020-2021 Annual Action Plan will allocate \$300,00 to the Riverside Access Center Rehabilitation project, bringing the total project budget to \$961,000. The project serves to assist the low-to-moderate-income population in the City of Riverside.

A public notice was issued announcing the proposed amendment to the HUD Annual Action Plan and a 30-day public comment period was provided in compliance with HUD regulations. The original notice was published in the Press Enterprise on Saturday, February 10, 2024, and included the date this action would be considered by the City Council.

The Housing and Human Services Director concurs with the recommendations in this report.

### **STRATEGIC PLAN ALIGNMENT:**

This Amendment to the City of Riverside's 2020-2021 HUD Annual Action Plan for the CDBG Program aligns with **Strategic Priority 2 – Community and Well-Being, Goal 2.3.** to strengthen

neighborhood identities and improve community health and the physical environment through amenities and programs that foster an increased sense of community and enhance feelings of pride and belonging citywide.

This Amendment to the City of Riverside's 2020-2021 HUD Annual Action Plan for the CDBG Program aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The City of Riverside has identified eight priority development areas to meet the greatest needs of residents in the City. Priorities are based on responses to annual Community Surveys conducted by the City through Community Ward Meetings, Post Card Surveys, and online. The information was gathered in specific focus groups and interviews with various organizations and service providers in the housing and community development field.
2. **Equity** – Pursuant to the Housing Community Act of 1974, the U.S. Department of HUD provides critical priority for the funding to ensure all eligible persons receive equitable access to services and are served with dignity, respect, and compassion regardless of the circumstances, ability, or identity.
3. **Fiscal Responsibility** – This item allows the City to utilize unused CDBG funds toward the Rehabilitation of the Riverside Access Center to improve suitable living to low- to moderate-income areas.
4. **Innovation** – This item will allow the City to capitalize on federal funding to change funding projects while continuing to meet the ongoing needs of low-to-moderate-income members of the community.
5. **Sustainability & Resiliency** – The HUD Annual Action Plan describes the specific actions that will be undertaken using HUD entitlement funds to promote sustainable community and economic development and projects to encourage community engagement and resiliency.

#### **FISCAL IMPACT:**

As outlined in the table below, the net fiscal impact of the action is \$0. Upon Council approval of the updated projects a budget adjustment will be recorded in the funds and projects as outlined in the tables below.

Fund	Project	Account	Amount
Development Grants	2020/2021 2348 University Ave Housing Rehabilitation	9275000-440120	(\$300,000)
	2023/2024 Riverside Access Center Rehabilitation Project	9280200-440120	\$300,000
<b>Total</b>			<b>\$0</b>

Fund	Project	Account	Amount
Grants & Restricted Programs	2023/2024 Riverside Access Center Rehabilitation Project	9xxxxxx-440120	\$300,000
		9xxxxxx-895220	(\$300,000)
Total			\$0

Prepared by: Martha Naranjo, Project Coordinator  
Approved by: Michelle Davis, Housing and Human Services Director  
Certified as to  
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer  
Approved by: Rafael Guzman, Assistant City Manager  
Approved as to form: Phaedra Norton, City Attorney

Attachment: Presentation