



## **BACKGROUND:**

On October 26, 2018 Community Development Partners (CDP) submitted an over-the-counter \$2 million funding request to the Housing Authority for predevelopment and construction costs related to a 50-unit residential development located at 4070 Jackson Street in Ward 5 (Arlington Neighborhood). The site is part of the St. Michael's Episcopal Church property. Completion of a potential project is in furtherance of the City's approved Housing First Plan, which calls for the creation of almost 400 units of very low-income housing over a 10-year period.

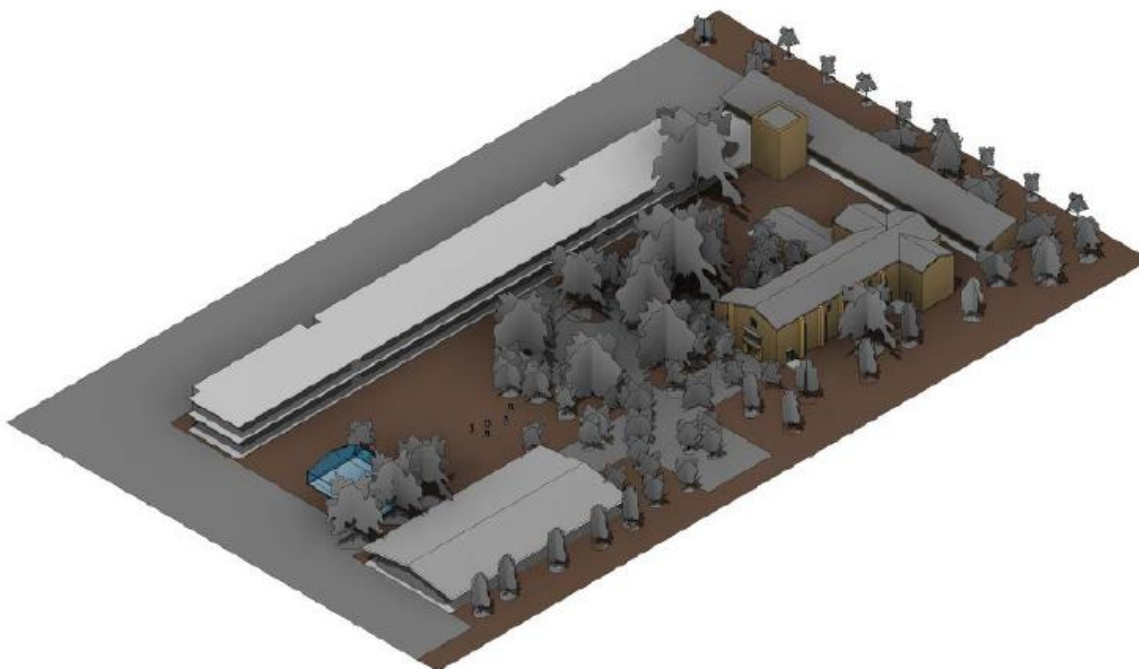
Located directly across from Hunt Park, the proposed project will feature 24 units of permanent supportive housing for homeless individuals earning at-or-below 30% of the Area Median Income (Federal Poverty Level – or \$14,150 for one person in 2018), 25-units for low-income individuals and families earning no more than 80% of the Area Median Income and one property manager's unit. The project will enhance the neighborhood by beautifying the site and maximizing a currently underutilized, partially vacant portion of the church property. CDP is proposing to partner with Mercy House to provide case management and wrap around services to help residents achieve housing stability and regain self-sufficiency.

The Housing Authority's contribution of \$2 million will reserve under legal covenant 24-units for extremely low-income individuals for a period of 55-years.

### **Site Design**

The Project will include a two-story structure with 24 one-bedroom units and 26 two-bedroom units in a walk up style building. Onsite amenities will include kitchen facilities, case management offices, flex space for educational classes, and a community garden. The proposed project has been designed based on the input received from residents of the surrounding neighborhood such that the structure was situated more interior to the site. Additionally, a committee consisting of area residents, St. Michaels staff and Mercy House staff will be established to help ensure the facility's operations are consistent with expectations. Initial site schematics are presented below and a Site Plan is presented as Attachment 2.

### **Overhead Site View**



## Design View



### Love Your Neighbor Initiative

The proposed project came to fruition as a result of the Mayor’s Love Your Neighbor Initiative (Initiative). Stemming from the City’s efforts to functionally end veteran homelessness in 2014, this Initiative set a goal of reaching a “functional zero” for all homeless individuals in Riverside by 2025 (e.g., having enough resources to help every individual or family exit homelessness and those that may potentially fall into homelessness). Through the Mayor’s leadership and outreach effort, the Initiative seeks to increase local giving, expand the available housing stock, and create highly trained volunteers in order to address homelessness in Riverside by actively engaging with faith-based organizations. The Mayor has encouraged the faith-based community to collaborate with the City and developers to create new affordable housing opportunities and to activate often underutilized land inventories.

This proposed project is one of several other projects that are currently underway. The Mayor’s Office – alongside community members and representatives of faith-based organizations – has conducted public outreach efforts in the surrounding neighborhood, providing information on the proposed project’s scope.

### **DISCUSSION:**

The estimated development cost for the proposed project totals \$17,939,043.

Activity	Cost
Land Acquisition	\$ 1,300,000
Construction (w/ contingency)	\$10,900,575
Professional Fees/Soft Costs	\$ 1,735,441
Financing Costs	\$ 1,404,656
Developer Fee	\$ 2,013,977 (11% of total development costs)
Project Reserves	\$ 584,394
<b>Total Development Costs</b>	<b>\$17,939,043</b>

The proposed project would be financed through the funding sources listed below. An application for \$4.2 million from the State's No Place Like Home Program (Program) has been submitted and is currently in the funding review process; final notification is anticipated in June 2019. Program funds, as well as low-income housing tax credits, would be utilized to complete the proposed project.

Sources of Funds	Funding Amount
4% Tax Credit Equity	\$ 6,063,740
Land Contribution	\$ 1,300,000
Permanent Loan	\$ 3,375,537
No Place Like Home	\$ 4,331,808
City Housing Authority Loan	\$ 2,000,000
State Affordable Housing Program (AHP)	\$ 500,000
Deferred Developer Fee	\$ 368,138
<b>Total Sources of Funds</b>	<b>\$17,939,043</b>

Unit Mix by Affordability			
INCOME (% of AMI)	1BR/1BA	2BR/1BA	Total Units
30%	24		24
60%		25	25
MGR		1	1
<b>TOTAL UNITS</b>	<b>24</b>	<b>26</b>	<b>50</b>

The Housing Authority's loan would be structured at 3% simple interest with annual payments being made from residual receipts. The loan proceeds will be available after the Housing Authority documents are recorded through a ground lease between St. Michaels Episcopal Church and CDP for the project site.

It is anticipated that CDP will form a project-specific legal entity to develop the proposed project, and that an assignment agreement would be drafted by the City Attorney's Office at a later date to transfer the Loan Agreement responsibilities to the new legal entity. The development of housing projects by specific legal incorporations is common in California real estate development.

**FISCAL IMPACT:**

The fiscal impact of this action is a \$2 million loan from the Housing Authority. There is \$2 million available in the Housing Authority Fund Balance Account No. 0000280-29800 to be transferred to a project account to be established by the Finance Department under the Housing Authority 280 Funds to effectuate the Housing Authority Loan to CDP to develop this proposed project.

Prepared by: Michelle Davis, Housing Authority Manager  
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Approved by: Moises Lopez, Deputy City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Loan Agreement
2. Proposed Site Plan
3. Presentation