

housing and provide direction to staff. Following discussion, the Committee unanimously voted to recommend that the City Council and Housing Authority Board approve the issuance of a Request for Proposals to examine the feasibility and economic impacts of a potential Inclusionary Housing Program for the City of Riverside.

BACKGROUND:

In recent years, the State of California has identified the shortage of housing as a legislative priority. A housing shortage impacts the State’s economy, contributes to homelessness, and results in long commutes, which increases the production of greenhouse gas emissions, air pollution, and contributes to poor public health. Over the past few years, State housing legislation has focused on housing production and affordability. In addition, State housing law mandates a Regional Housing Needs Allocation (RHNA) within each jurisdiction during specified planning periods, and part of the Housing Elements of the General Plan process, to plan for the housing needs (market rate and affordable housing production) of residents — regardless of income.

The City of Riverside’s current RHNA obligations are estimated at 24,235 units. The breakdown by income level includes:

Estimate of 5th and 6th RHNA Cycle:

Income Level	Units	Percent
Very-low income (under 50% AMI)	4,849	26.3%
Low income (50-80% AMI)	3,057	16.6%
Moderate income (80-120% AMI)	3,133	17.0%
Above moderate income (120% + AMI)	7,379	40.1%
6th CYCLE ESTIMATE TOTAL		18,419
5th CYCLE CARRYOVER		5,816
TOTAL REQUIRED (PRODUCTION)		24,235

A housing resource tool that could assist in creating affordable housing with private developers and meet the City’s RHNA obligation is an Inclusionary Housing Program. Affordable housing is defined as rent/utilities or mortgage/taxes/insurance/utilities that cost 30% or less of the gross household income and available to persons who earn at or below 80% of the Area Median Income (or \$60,250 for a family of four in 2020). Inclusionary Housing Programs can include both for-sale and rental units and are often implemented through a jurisdictions zoning code.

To offset the cost of providing affordable housing in all new projects, an Inclusionary Housing Program can offer incentives to developers in the form of zoning concessions such as reduced parking, density bonuses, or tax abatements. Developers can also be provided an option to choose an alternative to providing the affordable units in the form of in-lieu fees or providing affordable units at a different location.

DISCUSSION:

On September 15, 2020, the City Council and Housing Authority Board authorized the issuance RFP to explore the market impacts and make a programmatic recommendation regarding an Inclusionary Housing Program. On November 12, 2020, the City issued RFP 2054 seeking a consultant with a California economic development and housing background. Thirty-one bidders expressed interest in RFP 2054, and the sole respondent was Economic and Planning Systems,

Inc. A review panel consisting of staff from the City Housing Authority and Successor Agency reviewed the proposal from Economic and Planning Systems, Inc. and found the proposal to be both responsive and competitively priced.

Economic and Planning Systems, Inc. (EPS) proposes the following scope of services:

- EPS will participate in a virtual project initiation kick-off meeting with City staff to discuss the overall context of the project, the City's specific objectives, and key opportunities and challenges for affordable housing development in Riverside.
- EPS and City staff will identify a group of up to ten (10) key stakeholders to comprise a Technical Advisory Committee.
- Develop a set of up to six (6) ownership and rental housing prototypes for feasibility analysis that will be vetted with City staff. EPS will suggest a set of up to four (4) inclusionary requirement alternatives for feasibility testing to be vetted by City staff.
- Assemble a set of "static" pro forma financial models representing the identified housing prototypes and use these models to assess the development feasibility of these prototypes under the identified inclusionary policy alternatives.
- Summarize the feasibility findings in a PowerPoint presentation to share and discuss with City staff, the Technical Advisory Committee, and other stakeholder groups.
- Conduct a nexus analysis to document the relationship between housing production and affordable housing demands, and a maximum allowable nexus-based affordable housing impact fee.
- Discuss options for fee levels with City staff and the Technical Advisory Committee in order to come to a consensus on the preferred fee level to be included in the Program.
- Conduct a survey of other jurisdictions in the region that impose affordable housing requirements and/or fees on residential development.
- Develop recommendations for inclusionary housing requirements for the City to adopt, as well as recommended implementation measures for an inclusionary housing program.
- Work with City staff, including City attorneys, to draft an Inclusionary Housing Ordinance based on the recommended policies.
- Advise the City on the development and operation of an Affordable Housing Trust Fund to be funded through the Inclusionary Housing Program.
- Engage with the Technical Advisory Committee to obtain feedback at key project milestones in up to four (4) virtual meetings.
- For each meeting, EPS will prepare a meeting agenda and PowerPoint slide presentation to be shared ahead of time with members of the Technical Advisory Committee; present findings and facilitate discussions with the Committee, and produce meeting notes summarizing key discussion points.

- EPS will produce a project report detailing the analysis, stakeholder engagement, and policy recommendations developed in Tasks 1-3, as requested in the RFP. The report will include both an executive summary describing key findings in a clear and concise manner, as well as detailed descriptions of the technical methodologies utilized and program and policy recommendations. The nexus analysis will be detailed in a study drafted in a manner compliant with applicable state law and be included as a technical appendix.

Staff is requesting City Council to award RFP 2054 to Economic and Planning Systems, Inc. to examine the feasibility and economic impacts of an Inclusionary Housing Program and enter into the attached Professional Consultant Services Agreement for \$73,000 with a contingency of \$7,300 for a total budget of \$80,300, for a one (1) year term with an option to extend for one (1) additional one (1) year period.

The Purchasing Manager concurs that the item is in compliance with Purchasing Resolution No. 23256.

FISCAL IMPACT:

The total fiscal impact of the agreement is \$80,300. Sufficient funds in the amount of \$80,300 are available in the Housing Authority Professional Services Account No. 2875000-421000.

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: Kristi J. Smith, Interim City Attorney



Erin Edwards, Chair
Housing and Homelessness Committee

Attachment: Professional Consultant Services Agreement