

Development Committee Memorandum

City of Arts & Innovation

TO: DEVELOPMENT COMMITTEE MEMBERS **DATE: MAY 17, 2018**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 2**

SUBJECT: HOUSING FIRST - DEVELOPMENT PROPOSAL FROM THE RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR A RESIDUAL RECEIPTS LOAN IN THE AMOUNT OF \$494,000 FROM THE HOME INVESTMENT PARTNERSHIPS PROGRAM TO FINANCE THE ACQUISITION OF LAND AND CONSTRUCTION OF AN EIGHT UNIT AFFORDABLE HOUSING COMMUNITY ON 0.52 ACRES OF HOUSING AUTHORITY OWNED PROPERTY LOCATED AT 2719 AND 2743 ELEVENTH STREET

ISSUE:

Recommend that City Council and the Housing Authority Board approve the development proposal from the Riverside Housing Development Corporation for a residual receipts loan in the amount of \$494,000 from the HOME Investment Partnerships Program to finance the acquisition of land and construction of an eight unit affordable housing community on 0.52 acres of Housing Authority owned property located at 2719 and 2743 Eleventh Street.

RECOMMENDATION:

That the Development Committee recommend to the City Council and Housing Authority Board approve the development proposal from the Riverside Housing Development Corporation for a residual receipts loan in the amount of \$494,000 from the HOME Investment Partnerships Program to finance the acquisition of land and construction of an eight unit affordable housing community on 0.52 acres of Housing Authority owned property located at 2719 and 2743 Eleventh Street.

BACKGROUND:

On November 16, 2007, the Redevelopment Agency of the City of Riverside acquired property located at 2719 and 2743 Eleventh Street from a faith based organization for the development of affordable housing. The property was then transferred to the Housing Authority on January 20, 2010.

DISCUSSION:

On March 8, 2017, the Housing Authority issued a Request for Proposals (RFP) for the development of 2719 and 2743 Eleventh Street (Site) asking for a residential community with at least three residential units that would support and enhance the Eastside community. The Housing Authority received four responses to the RFP. These proposals were reviewed and

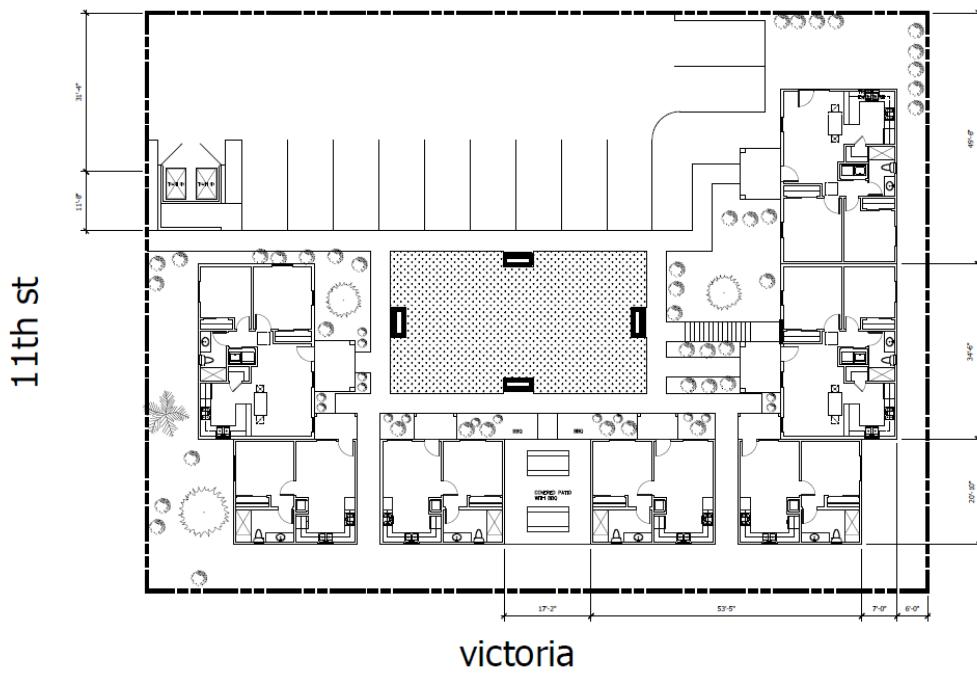
scored based on project concept, experience and qualification, financial strength, project readiness and development schedule, and affordability. The Housing Authority conducted subsequent interviews with the developers. Riverside Housing Development Corporation (RHDC) was identified as the top candidate.

Development Proposal

RHDC has proposed the following project as its response to the RFP:

1. An eight unit affordable housing community;
2. Residential units will be made available to persons earning at-or-below 50% of the Area Median Income;
3. Three units will be made available as Housing First units per the City's Housing First Strategy Plan for clients earning at-or-below 30% of the Area Median Income (or \$13,550 for a single person household in 2017);
4. Four two-bedroom/one bath homes and four one-bedroom/one bath homes;
5. Floor plans ranging from 500 - 825 sq. ft.; and
6. Craftsman style elevations.

A proposed site schematic is presented below showing the project layout and elevations.



Development Budget

Uses of Funds		Sources of Funds	
Land Acquisition	\$ 186,859.07	Housing Authority	\$ 158,556.00
Construction	\$ 939,247.89	Land Write Down	
Professional Fees/ Soft Costs	\$ 151,255.70	Housing Authority Funds	\$ 494,000.00
Contingency	\$ 99,136.69	Bank Loan	\$ 723,943.35
Total Development Cost	\$1,376,499.35	Total Sources of Funds	\$1,376,499.35

As proposed, RHDC will purchase the Site from the Housing Authority at a discounted value of One-Dollar (\$1.00) in exchange for the provision of affordable housing units. The Site currently has an approximate market value of \$158,557. In addition, RHDC is requesting approximately \$494,000 of the City's HOME Investment Partnerships Program funds for development of the Site. RHDC is also requesting to enter into an Exclusive Negotiating Agreement (ENA) with the Housing Authority for a one-year period with an additional six month extension, as needed. The ENA will allow RHDC to work through entitlement issues and further refine the characteristics of the development. At the termination of the ENA, the Housing Authority, City and RHDC may enter into a Disposition and Development Agreement (DDA) for development of the Site, subject to approval by the Housing Authority Board and City Council.

Community Input

The Site was identified in the City's Housing First Strategy Plan as potential sites for the development of Housing First units. No comments were received regarding the specific site addresses. The project was also presented to the Eastside Community Forum on April 5, 2018 and no comments were received.

The Community & Economic Development Director concurs.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. The \$494,000 in federal HOME Investment Partnerships Program funds are available in the HOME Unprogrammed Funds Account 2835200 - 453001 to provide RHDC with a development loan.

The Housing Authority foregoes potential sales proceed in the amount of \$158,556 related to the write down of land value for 2719 and 2743 Eleventh Street.

Prepared by: Emilio Ramirez, Office of Homeless Solutions Director
 Certified as to
 availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
 Approved by: Alexander T. Nguyen, Assistant City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachment: Presentation