



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 18, 2024

FROM: HOUSING AND HUMAN SERVICES WARDS: ALL

SUBJECT: PROPOSED ADOPTION OF THE CITY OF RIVERSIDE ANNUAL ACTION PLAN FOR THE USE OF \$8,640,149 OF FEDERAL ENTITLEMENT FUNDING FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR PROGRAM YEAR 2024/2025 - FUNDS TRANSFER AND SUPPLEMENTAL APPROPRIATION

ISSUE:

Adopt the 2024/2025 Annual Action Plan for the use of \$8,640,149 of Federal entitlement funding from the United States Department of Housing and Urban Development.

RECOMMENDATIONS:

That the City Council:

1. Conduct the Public Hearing;
2. Adopt the 2024/2025 Annual Action Plan for expenditure of Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program funds in the total amount of \$8,640,149;
3. Authorize City staff to award the funding recommendations as outlined in the staff report for the Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program and finalize the 2024/2025 Annual Action Plan for submittal to the United States Department of Housing and Urban Development;
4. Authorize the City Manager, or his designee, to execute the United States Department of Housing and Urban Development grant agreements for the Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships programs and the agreements with the City's subrecipients as identified in the 2024/2025 Annual Action Plan; and
5. With at least five affirmative votes, authorize the estimated appropriation of funds and authorize the Chief Financial Officer, or designee, to record revenue and appropriate funds among various funds and accounts established by the Finance Department for the aforementioned grants related to the HUD 2024/2025 Annual Action Plan.

BACKGROUND:

As a designated entitlement jurisdiction, the City receives federal funding to support projects and programs that provide decent and affordable housing, sustain suitable living environments, and expand economic opportunities for low- and moderate-income persons. The City is required to develop an Annual Action Plan for the use of these funds, which serves as the means to meet the application and submission requirements for four entitlement programs including Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and HOME Investment Partnerships Program (HOME).

Below is a chart of the City’s HUD entitlement allocations for FY 2023/2024 and 2024/2025, which shows whether each grant is receiving an increase or decreased amount in the next program year.

FY Allocations	CDBG	HOME	ESG	HOPWA	Total
2023/2024	\$2,863,437	\$1,243,818	\$ 255,400	\$4,509,763	\$8,872,418
2024/2025	\$2,777,642	\$ 974,100	\$251,666	\$4,636,741	\$8,640,149
Increase/decrease of previous allocations	(\$85,795)	(\$269,718)	(\$3,734)	\$126,978	(\$232,269)

DISCUSSION:

The City’s Fiscal Year (FY) 2024/2025 HUD allocations for these formula programs as well as the proposed activities to be funded are as follows:

CDBG - \$2,777,642

In the draft Plan, the City is using its FY 2024/2025 CDBG funding allocation of \$2,777,642. Activities eligible for funding under the CDBG program include acquisition of real property, construction, rehabilitation or improvements to public facilities, housing-related services and activities, economic development, public services, and program planning and administration. Eligible activities are required to meet a CDBG program national objective, which include: 1) assist low- and moderate-income persons; 2) aid in the prevention or elimination of slum or blight; and 3) meet urgent community needs. Projects proposed for CDBG funding in FY 2024/2025 are listed in Attachment 1.

Activity	Amount
CDBG Project Recommendations	\$2,222,113.60
City Program Administration (20% cap)	\$ 555,528.40
Total	\$2,777,642.00

ESG - \$251,666

Activities eligible for funding under the ESG program include support for the operations and provision of essential homeless services including street outreach, emergency shelter, and rapid re-housing activities. No more than 60% of the City’s ESG grant allocation can be used to fund shelter and outreach services.

In the draft Plan, staff is recommending allocating \$251,666 of FY 2024/2025 ESG funding to the following activities:

Activity	Amount
Year-Round Emergency Shelter	\$125,000.00
Homeless Management Information Systems	\$28,240.00
City Rapid Re-Housing Program	\$79,551.05
City Program Administration (7.5% cap)	\$18,874.95
Total	\$251,666.00

HOPWA - \$4,636,741

In the draft Plan, the City is using the FY 2024-2025 HOPWA funding allocation of \$4,636,741. The City has been designated by HUD as the eligible metropolitan service area (EMSA) grantee to administer the HOPWA funding for both Riverside and San Bernardino counties. HOPWA funds may be used for housing projects, rental subsidies, mortgage and utility payments, supportive services, and program administration. Funding recommendations for the FY 2024/2025 HOPWA allocation will be utilized to provide services for activities both in Riverside and San Bernardino County.

Activity	Amount
Foothill AIDS Project	\$1,600,000.00
Housing Authority of the County of Riverside	\$1,600,000.00
Lutheran Social Services	\$514,622.00
TruEvolution	\$759,833.06
City Program Administration (3.5% cap)	\$162,285.94
Total	\$4,636,741.00

HOME - \$974,100

The HOME Program goal is to preserve and increase the supply of decent, safe, and sanitary affordable rental and owner-occupied housing for persons at 80% or below the Riverside County area median household income.

In the draft Plan, staff is recommending allocating \$974,100 of FY 2024-2025 HOME funding to the following activities:

Activity	Amount
Affordable Housing Development	\$876,690.00
City Program Administration (10% cap)	\$97,410.00
Total	\$974,100.00

The City anticipates receiving \$100,000 in program income. These funds may be used to fund the Infill Residential Development Program and Tenant-Based Rental Assistance Program.

Citizen Participation

The City has an annual requirement to include citizen participation and community input on the use of these funds prior to submitting the Plan to HUD. This year, the community input process included the following mailing a postcard citywide; sharing the process on the City's website; and conducting in-person Community Ward meetings; one in each Ward.

A public notice of funding availability was released in December 2023, a 30-day public comment period on the draft of the 2024-2025 Plan from May 19 to June 17, 2024, and the subject public hearing (noticed for May 19, 2024) to receive public comment on the proposed Plan.

Upon City Council approval of the draft 2024/2025 HUD Annual Action Plan, the plan will be finalized and submitted to HUD.

STRATEGIC PLAN ALLIGNMENT:

This item contributes to **Strategic Priority 1: Arts, Culture and Recreation** and **2: Community Well-Being** following goals:

Priority 1. Arts, Culture & Recreation:

- Goal 1.5: Support programs and amenities to further develop literacy, health, and education of children, youth, and seniors throughout the City.

Priority 2. Community Well-Being:

- Goal 2.1: Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels;
- Goal 2.2: Collaborate with partner agencies to improve household resiliency and reduce the incidence and duration of homelessness; and
- Goal 2.3: Strengthen neighborhood identities and improve community health and the physical environment through amenities and programs that foster an increased sense of community and enhanced feelings of pride and belonging citywide.

This aligns with each of the five 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 the 2024-2025 Community Survey conducted by the City through Budget Community Ward Meetings, 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 funding to ensure all eligible persons receive equitable access to service and are served with dignity, respect, and compassion regardless of the circumstances, ability, or identity of eligible persons.
3. **Fiscal Responsibility** – There is no new net fiscal impact associated with this item which maintains that Riverside is a prudent steward of public funds and ensures responsible management of the City's financial resources while providing quality public services to all.
4. **Innovation** – This item will continuously uphold that Riverside is inventive and timely in meeting the community's changing needs; it allows changes based on the Community's changing needs.

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:

The fiscal impact of this recommendation is \$8,640,149. The estimated funding is included in the City's FY 2024-2025 proposed budget and will be appropriated with the adoption of the budget by the City Council. After City Council adoption, the FY 2024-2025 budget will be adjusted upon receipt of the final HUD allocation.

Prepared by: Michelle Guzman, Senior Project Manager
Approved by: Michelle Davis, Housing and Human Services Department
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Mike Futrell, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. CDBG Project Funding Recommendations 2024/2025
2. HUD Annual Action Plan DRAFT 2024/2025
3. PPT Presentation
4. Notice of Public Hearing