



City Council/Housing Authority Memorandum

City of Arts & Innovation

**TO: HONORABLE MAYOR, CITY COUNCIL,
AND HOUSING AUTHORITY MEMBERS**

DATE: JUNE 18, 2019

FROM: OFFICE OF HOMELESS SOLUTIONS

WARD: 1

SUBJECT: HOUSING FIRST – DEVELOPMENT AGREEMENT FOR \$884,250 IN HOME INVESTMENT PARTNERSHIPS ACT FUNDS BETWEEN THE CITY OF RIVERSIDE, THE HOUSING AUTHORITY, AND HABITAT FOR HUMANITY RIVERSIDE, INC. FOR THE CONSTRUCTION OF MULBERRY VILLAGE - TEN SMALL COTTAGE STYLE HOMES ON 0.49 ACRES OF HOUSING AUTHORITY OWNED PROPERTY LOCATED AT 2825-2841 MULBERRY STREET

ISSUE:

Approval of a HOME Investment Partnerships Act Development Agreement with Habitat for Humanity Riverside, Inc. in the amount of \$884,250 for the Mulberry Village Project, a development of ten small cottage-style homes on 0.49 acres of Housing Authority-owned property located at 2825-2841 Mulberry Street (APNs 209-222-027,-026 and -015).

RECOMMENDATION:

That the City Council:

1. Approve a HOME Investment Partnerships Act Development Agreement with Habitat for Humanity Riverside, Inc. and the Housing Authority in the amount of \$884,250 for the Mulberry Village Project, a development of ten small cottage-style homes on 0.49 acres of Housing Authority-owned property located at 2825-2841 Mulberry Street (APNs 209-222-027; 209-222-026; and 209-222-015);
2. Authorize the City Manager, or his designee, to execute the Development Agreement with Habitat for Humanity Riverside, Inc. and the Housing Authority, including making minor and non-substantive changes; and
3. Authorize the transfer of \$884,250 from the HOME Unprogrammed Funds Account No. 2835200-453001 to the Mulberry Village Project Account No. 2835200-453205.

That the Housing Authority:

1. Approve a HOME Investment Partnerships Act Development Agreement with Habitat for Humanity Riverside, Inc. and the City for the development of the Mulberry Village Project, a development of ten small cottage-style homes on 0.49 acres of Housing Authority-owned property located at 2825-2841 Mulberry Street (APNs 209-22-027, -026 and -015); and

2. Authorize the Executive Director, or his designee, to execute the Development Agreement, including making minor and non-substantive changes.

COMMITTEE RECOMMENDATION:

The Development Committee met on November 29, 2018, with Chair Gardner, Vice Chair Perry, and Member Mac Arthur present. Following discussion, a motion was made by Chair Gardner and seconded by Member Mac Arthur recommending that the City Council and Housing Authority Board approve the Mulberry Village Development Proposal from Habitat for Humanity Riverside, Inc. for construction of ten small cottage-style homes on 0.49 acres of Housing Authority-owned property located at 2825-2841 Mulberry Street. The Motion carried unanimously.

BACKGROUND:

The Housing Authority purchased the parcels of land at 2825-2841 Mulberry as either vacant land or judicial foreclosures in 2012. The Housing Authority has advertised the site for development continuously on the Housing Authority’s Request for Proposals webpage. On April 9, 2018, the Housing Authority received an over-the-counter proposal from Habitat for Humanity Riverside, Inc. for the Mulberry Village development of ten small cottage-style homes on the site to serve chronically homeless individuals earning at-or-below 50% of the Area Median Income (or \$23,600 for one person in 2018).

DISCUSSION:

The proposed project would be a partnership between the Housing Authority, Habitat for Humanity Riverside, Inc. as developer, and the Riverside Housing Development Corporation (RHDC) as property manager. The proposed project’s mission is to provide access to stable and affordable housing, provide case management and supportive services based on client’s needs, and assist clients with graduating into permanent housing. The Housing Authority is proposing to retain ownership of the project site, which must remain affordable for 55-years. The Site at 2825-2841 Mulberry Street will require rezoning and a General Plan amendment to accommodate the project as currently envisioned, which should be completed in late June of this year.

The proposed project has received approval and support from the Downtown Area Neighborhood Alliance (DANA), the Northside Improvement Association, and a community meeting with surrounding property owners that was held on September 27, 2018. A letter from the Downtown Area Neighborhood Alliance (DANA) and the Northside Community Association are presented as Attachment 2 of this report.

Development Proposal

1. Development of ten small cottage-style homes to be rented to persons earning at-or-below 50% of area median income (AMI);
2. California Bungalow style elevations; and

- 3. Efficiency and 1-bedroom floor plans in approximately 400 sq. ft. homes.

Proposed site architecture is presented below. A proposed site schematic is presented as Attachment C.



Proposed Elevations

Proposed Financing

The proposed project cost is \$884,250. On August 14, 2018 the Housing Authority conceptually approved the Mulberry Village Project as part of an application for National Housing Trust Fund (NHTF) monies to construct the project; funds were ultimately not awarded. The City will contribute the entire \$884,250 from Unprogrammed HOME Investment Partnerships Program funds as a Community Housing Development Organization (CHDO) led project from the FY 2018 and FY 2019 allocations.

Uses of Funds	
Land Acquisition and Closing Costs	\$0
Construction	\$511,069
Professional Fees/Soft Costs	\$178,096
Permit Fees	\$ 54,200
Contingency	\$ 40,885
Developer Fee	\$100,000
Total Development Cost	\$884,250

Sources of Funds	
National Housing Trust Fund	\$0
City HOME Grant	\$884,250
Total Development Cost	\$884,250

Habitat for Humanity Riverside, Inc. will also be using donated materials and labor to develop the project.

To maintain long-term affordability, the following restrictive covenants will be recorded against the property: Housing Authority – 55-year term and City HOME – 20-year term (concurrently).

The Housing Authority is currently under contract with the Riverside Housing Development Corporation (RHDC) for the management of Housing Authority-owned rental properties. RHDC's management fee per unit is \$40, which equates to \$400 a month for the Mulberry Village project. A fourth amendment to the existing Authority Management Agreement with RHDC for the Mulberry Village Project will be brought for City Council consideration at a near future meeting.

FISCAL IMPACT:

The \$884,250 in federal HOME Investment Partnerships Program funds are available in the HOME Unprogrammed Funds Account No. 2835200-453001 to fund the Development Agreement with Habitat for Humanity Riverside, Inc.

Prepared by:	Michelle Davis, Housing Authority Manager
Certified as to availability of funds:	Edward Enriquez, Chief Financial Officer /Treasurer
Approved by:	Moises Lopez, Deputy City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:



Mike Gardner, Chair
Development Committee

Attachments:

1. Development Agreement
2. Letters of Support
3. Site Schematic