



Housing Authority Memorandum

City of Arts & Innovation

TO: HOUSING AUTHORITY MEMBERS **DATE: AUGUST 6, 2019**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 1**

SUBJECT: HOUSING FIRST – ADOPTION OF A RESOLUTION SUPPORTING INNOVATIVE HOUSING OPPORTUNITIES SUBMISSION OF AN APPLICATION TO THE MULTIFAMILY HOUSING PROGRAM ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT; AND APPROVAL OF A PURCHASE OPTION AGREEMENT TO FACILITATE FUNDING OF A PROPOSED 32-UNIT PERMANENT SUPPORTIVE HOUSING PROJECT ON HOUSING AUTHORITY-OWNED PROPERTY LOCATED AT 3861-3893 THIRD STREET

ISSUE:

Approval of a Resolution supporting Innovative Housing Opportunities submission of an application for a \$5.6 million development loan from the Multifamily Housing Program, administered by the State of California Department of Housing and Community Development, to fund development of a proposed 32-unit infill Permanent Supportive Housing Project serving termed-out foster youth on Housing Authority owned property located at 3861-3893 Third Street (APN # 213-071-006; 213-071-007; 213-071-008) in the Downtown Neighborhood; and approval of a Purchase Option Agreement with Innovative Housing Opportunities, Inc. to secure the exclusive right to purchase the Housing Authority property.

RECOMMENDATIONS:

That the Housing Authority:

1. Adopt a Resolution supporting Innovative Housing Opportunities' submission of an application to the Multifamily Housing Program administered by the California Department of Housing and Community Development for a permanent supportive housing project being proposed at 3855-3893 Third Street; and
2. Authorize the Executive Director, or his designee, to execute all required documents that may be required in support of a MHP application, making minor corrections as necessary;
3. Approve the attached Purchase Option Agreement with Innovative Housing Opportunities to secure the exclusive right to purchase the Housing Authority property located at 3861-3893 Third Street for the development of 32-unit infill housing units that would serve low to extremely low income individuals, specifically termed out foster youth; and
4. Authorize the Executive Director, or his designee, to execute the Purchase Option Agreement and other support documents needed in support of an Innovative Housing Opportunities application for project development loan funds to the Multifamily Housing

Program, including making minor non-substantive changes as necessary.

BACKGROUND:

The State of California’s Multifamily Housing Program (MHP) is an affordable housing production program that complements state and local efforts to increase and preserve the supply of decent, safe and sanitary affordable housing for extremely low- and very low-income households, including homeless families. MHP funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of very low income and supportive housing with suitable amenities. California has \$178 million in MHP funds to allocate in FY 2019 via a competitive Notice of Funding Availability, and can fund any single project up to \$20 million. MHP allocations are implemented by the State as a deferred payment simple interest loan in exchange for long-term affordability. The regulatory agreement for any potential project will be for 55 years with affordability for extremely low-income individuals earning at-or-below 30% of the Area Median Income (or \$14,150 for one person in 2018) and very low income individuals at 50% of the Area Median Income (or \$23,600 for one person in 2018) .

DISCUSSION:

The Housing Authority issued RFP #18-03 in November of 2018, and reissued the call in March of 2019, requesting developers that could construct a mid-density permanent supportive housing project (Project) with integrated case management functions that would serve termed-out foster youth. This project was conceptually developed in partnership with Riverside Community College. The Housing Authority received a proposal from Innovation Housing Opportunities (IHO) on January 31, 2019 (subsequently amended on June 12, 2019) that proposed to build 32 affordable housing units plus a managers unit (33 units total) on Housing Authority-owned property located at 3855-3893 Third Street (Property); a project that would provide housing for termed out foster youth coupled with case management. Staff reviewed and rated the IHO application, and found the proposal to be strong enough to proceed in development. A proposed site elevation is included as Attachment “C” of this report.

In exchange for a potential sale of the Property under the attached Purchase Option Agreement, IHO would apply for MHP funds and would be the recipient of loan funds. Loan payments under the MHP Program, which are a .42% fraction of principal/interest for the first 30 years (and thereafter reset by the State to cover monitoring costs in later years), would be paid by IHO out of the Project rent proceeds. IHO would team with Riverside University Health System Behavioral Health’s Journey TAY Program to provide case management services to the residents. National Community Renaissance (National CORE) would professionally manage the overall project site.

The mission of the proposed Project would be to provide access to stable and affordable housing and provide integrated educational services, health and wellness, and workforce development that would allow the transition age youth to be equipped and confident to advance to the next level in their academics and/or employment/career. The housing and related program components are focused on providing youth with opportunities to develop the skills they need in an environment that promotes safety, structure, belonging, independence, the ability to contribute, and control over positive relationships and personal competence.

The Housing Authority would potentially sell the Property pursuant to a separate noticed hearing before the Housing Authority Board, which would occur only if MHP funds are awarded. The Property will not require rezoning to accommodate the project as currently envisioned.

