



Housing Authority Memorandum

City of Arts & Innovation

**TO: HONORABLE MAYOR AND
HOUSING AUTHORITY MEMBERS**

DATE: APRIL 16, 2024

FROM: HOUSING AND HUMAN SERVICES

WARD: 7

SUBJECT: PUBLIC HEARING TO APPROVE A DISPOSITION AND DEVELOPMENT AGREEMENT WITH NEIGHBORHOOD PARTNERSHIP HOUSING SERVICES, INC. FOR THE PURCHASE OF A HOUSING AUTHORITY OWNED PROPERTY LOCATED AT 11049 BOGART AVENUE (APN 146-182-080) TO FACILITATE THE CONSTRUCTION OF A PROPOSED 22-UNIT PERMANENT SUPPORTIVE HOUSING COMMUNITY

ISSUE:

Approval of a Disposition and Development Agreement with Neighborhood Partnership Housing Services, Inc., to facilitate development of Sunrise at Bogart, a 22-unit Permanent Supportive Housing community to be constructed on Housing Authority owned property located at 11049 Bogart Avenue (APN 146-182-080) in the La Sierra Neighborhood.

RECOMMENDATIONS:

That the Housing Authority:

1. Conduct a public hearing in accordance with the California Health and Safety Code Section 34312.3 for the conveyance of 11049 Bogart Avenue to Neighborhood Partnership Housing Services, Inc., for the sum of One Dollar (\$1);
2. Approve the attached Disposition and Development Agreement with Neighborhood Partnership Housing Services, Inc. for the development of a 22-unit Permanent Supportive Housing project on Housing Authority owned property located at 11049 Bogart Avenue; and
3. Authorize the Executive Director, or his designee, to execute the Disposition and Development Agreement, including making minor and non-substantive changes.

BACKGROUND:

On June 24, 2008, the project site was acquired with Redevelopment Tax Increment funds. On September 11, 2012, the Department of Finance approved transferring this property to the Housing Authority of the City of Riverside.

On March 14, 2019, the Housing Authority received an over-the-counter application from Neighborhood Partnership Housing Services, Inc. (NPHS) to build 15 tiny cottages plus a small office building on Housing Authority-owned property located at 11049 Bogart Avenue in the La

Sierra Neighborhood (Property); a community that would provide housing for chronically homeless individuals coupled with case management. Upon consultation with the Planning Division, the proposed community was expanded to 23 units (22 affordable and one unrestricted manager's unit).

The mission of the proposed community would be to provide access to stable affordable housing; provide case management and supportive services based on clients' needs; and to assist clients with graduating into permanent housing.

In August 2019, the Housing Authority adopted a Resolution to support the submission of a Multifamily Housing Program (MHP) funding application to the State for the Sunrise at Bogart project and an Option to Purchase Agreement for the development of Sunrise at Bogart. On December 17, 2019, the Housing Authority approved a First Amendment to the Option Agreement to extend the term for 90 days to facilitate an application to the State MHP.

On October 19, 2019, California Assembly Bill 1486 Surplus Land (AB-1486) was enacted. This bill required in part, that any local agency when disposing of surplus land, offer it first for sale or lease for the purpose of developing low- to moderate-income housing.

The bill also contained a provision that if a property was under a disposition agreement by December 31, 2020, and the disposition was completed by December 31, 2022, it would not be subject to AB-1486 and its requirements regarding the property status as surplus land.

Due to delays with clearing Title on the property, escrow could not close by December 31, 2022, which triggered AB-1486 requirements. On June 13, 2023, the City Council adopted a Resolution declaring the property as Exempt Surplus by the Housing Authority.

DISCUSSION:

On July 18, 2023, the City released a new Request for Proposals (RFP) for the development of the Property, which was open for 60 days. The City received only one proposal under this RFP, from NPHS for the Sunrise at Bogart Project.

Below is a breakdown of the Sunrise Bogart Project.

Financing

The estimated total development cost for the Project is \$16,386,153.82, which is broken down below:

Activity	Cost
Acquisition Costs	\$ 27,000.00
Construction Costs	\$10,764,627.24
Architectural & Engineering	\$ 593,651.00
Construction Interest & Fees	\$ 1,485,994.58
Contingency	\$ 659,174.00

Permanent Financing Costs	\$ 38,000.00
Legal Fees	\$ 50,000.00
Other Costs	\$ 2,767,707.00
Total Development Costs	\$16,386,153.82

The Development cost is expected to be financed through the following funding sources:

Sources of Funds	Funding Amount	Status
Homekey	\$ 2,200,000.00	Pending
City of Riverside ARPA	\$ 388,797.00	Pending
HHAP 2023	\$ 1,218,000.00	Pending
MHP HCD Super NOFA	\$ 3,340,830.00	Pending
City of Riverside PLHA	\$ 380,562.82	Pending
County of Riverside HOME	\$ 1,800,000.00	Committed
City of Riverside HOME	\$ 1,119,437.00	Committed
NPHS Loan	\$ 990,000.00	Committed
HHAP-2	\$ 800,000.00	Committed
NPLH	\$ 1,148,527.00	Committed
Congressional Allocations	\$ 3,000,000.00	Committed
Total Sources of Funds	\$16,386,153.82	

The Sunrise at Bogart affordable housing project has been awarded 11 Project Based Section 8 Vouchers from the Housing Authority of the County of Riverside.

Unit Mix by Affordability

Area Median Income (AMI)	1BR/1BA	2BR/1BA	Total Units
30%	11	0	11
50%	11	0	11
MGR	0	1	1

Public Outreach:

On November 7, 2019, a community meeting was held at the La Sierra Senior Center to share information on the proposed project and to receive community input. This project site has also been approved as a Housing First site in the City's Housing First Plan, which was approved by City Council on March 13, 2018, and was subject to public outreach.

STRATEGIC PLAN ALIGNMENT:

This item supports Strategic Priority 2- Community Well-Being, Goal 2.1 to facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

This item aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The City of Riverside has identified the creation and improvement of housing as one of the seven priority development areas to meet the greatest needs of residents in the city. Priorities are based on responses to annual Community Surveys conducted by the City through Community Ward Meetings, Post Card Surveys, 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 the funding to ensure all eligible persons receive equitable access to services and are served with dignity, respect, and compassion regardless of the circumstances, ability, or identity.
3. **Fiscal Responsibility** – There is no fiscal impact to the City General Fund associated with this item. This item will allow the City to leverage federal grants with other state and local funds to increase the stock of affordable housing in the City.
4. **Innovation** – This item will allow the City to capitalize on federal funding to meet ongoing and changing housing needs of low-to moderate income members of the community.
5. **Sustainability & Resiliency** – Riverside is committed to using HUD entitlement funds to promote sustainable community and economic development and projects to encourage community engagement and resiliency.

FISCAL IMPACT:

The net fiscal impact of this action is \$619,999. The 11049 Bogart Street property was most recently appraised at approximately \$620,000. At this time, NPHS is requesting the Housing Authority to write down the land to \$1, which would result in a net fiscal impact of \$619,999 based on the prior appraised valuation.

Prepared by:	Michelle Davis, Housing Authority Manager
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 Norton, City Attorney

Attachments:

1. Disposition and Development Agreement
2. Presentation