City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: JUNE 17, 2025**

FROM: **HOUSING AND HUMAN SERVICES** **WARD: 1**

SUBJECT: **AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES SUBRECIPIENT AGREEMENT WITH CITY OF RIVERSIDE'S PUBLIC WORKS DEPARTMENT FOR $3,189,779 IN GRANT FUNDS TO SUPPORT SUSTAINABLE TRANSPORTATION INFRASTRUCTURE IMPROVEMENTS RELATED TO THE MISSION HERITAGE PLAZA AFFORDABLE HOUSING DEVELOPMENT – SUPPLEMENTAL APPROPRIATION**

ISSUE:

Approval of an Affordable Housing and Sustainable Communities Subrecipient Agreement with the City of Riverside's Public Works Department for $3,189,779 in grant funds to support Sustainable Transportation Infrastructure (STI) improvements related to the Mission Heritage Plaza Affordable Housing Development.

RECOMMENDATIONS:

That the City Council:

1. Approve an Affordable Housing and Sustainable Communities Subrecipient Agreement with the Public Works Department of the City of Riverside for a $3,189,779 grant to support Sustainable Transportation Infrastructure (STI) improvements related to the Mission Heritage Plaza affordable housing development; and

2. Authorize the City Manager, or designee, to execute all program related documents and instruments, including making minor non-substantive changes as necessary to implement the Affordable Housing and Sustainable Communities Subrecipient Agreement.

BACKGROUND:

The Affordable Housing and Sustainable Communities (AHSC) Program, created by the State of California in 2014, implements Assembly Bill 32, the California Global Warming Solutions Act of 2006, by investing in projects that reduce Green House Gas (GHG) emissions by supporting more compact infill development patterns and integrating affordable housing with transportation infrastructure.

On February 5, 2019, the City Council approved Resolution No. 23415 for a joint application with Wakeland Housing and Development Corporation (Wakeland) to the AHSC Grant Program for the development of the Mission Heritage Plaza Housing Project and transportation related projects. On October 6, 2020, the City Council approved an amended Resolution No. 23526 making post AHSC award changes as requested by the State of California Strategic Growth

Council. These Resolutions allowed the City and Wakeland to jointly apply for AHSC program funds in 2019 and to meet post-award criteria.

The projects that were included in the joint AHSC grant application are the Mission Heritage Plaza Housing Project (which broke ground in the first quarter of 2021 and was completed in May of 2023), and transportation related projects such as bike lanes, bus stop enhancements, and downtown walkability improvements for the Downtown Area adjacent to the Mission Heritage Project.

On July 8, 2019, the State notified the City and Wakeland of an AHSC award of $16,826,931 that is broken down into a soft loan of $7,030,231 for the Mission Heritage Housing Project (to be used exclusively by Wakeland) and an additional grant of $9,796,700 for transportation projects that would be split between Wakeland and the City.

On November 9, 2020, the City and Wakeland entered into a Standard Agreement for AHSC funding with the State of California.

On January 5, 2021, the City Council formally accepted the grant award of $3,189,779 from the State of California AHSC grant for transportation projects awarded under the Mission Heritage Plaza Project. The entire AHSC loan and grant package budget (housing loan and transportation grant) was presented below.

Agency & Funding (Loan or Grant)	**Wakeland MSN**	**Wakeland Design Work for City/RTA**	**City**	**RTA**
Wakeland Loan	$7,030,231			
Wakeland HRI Grant	$3,585,000			
Wakeland STI Grant		$254,750		
TRA STI Grant				$1,510,471
City STI Grant			**$3,189,779**	
Wakeland TRA Grant	$600,000	$45,000		
RTA TRA Grant				$400,000
City TRA Grant				
Wakeland PGM Grant	$191,700			
RTA PGM Grant				$20,000
Total	**$11,406,931**	**$299,750**	**$3,189,779**	**$1,930,471**

The transportation grant funds for the Mission Heritage project included alley improvements and sharrows/bike striping and signage, Dwight Avenue sidewalks, and two additional bike share stations with locations to be determined by the Public Works Transportation Division. The City Council also authorized an increase in revenue in the amount of $3,189,779 to the Development Grants Fund, AHSC Mission Heritage Account No. 9342400-334100 and appropriated expenditures in the same amount into the AHSC Mission Heritage Account No. 9342400-440210 for the transportation projects awarded under the Mission Heritage Plaza Project.

DISCUSSION:

The Mission Heritage Plaza project was completed in May of 2023 and has since been fully leased. However, as the City and Wakeland worked diligently to complete the STI Scope of Work, they encountered challenges during the design phase as they discovered privately-owned improvements encroaching onto the right-of-way where the STI improvements were planned. As the engineers worked to create new designs, additional community outreach had to take place. Because of this, and in anticipation of a lengthy city bidding process, Wakeland requested a time extension from the California Department of Housing and Community Development to extend the commencement and completion dates of the STI improvements.

In October of 2023, the California Strategic Growth Council (SGC) of the California Department of Housing and Development Corporation notified Wakeland that their request for extension was approved, subject to the following terms:

- Commencement of construction of the STI from December 30, 2023 to December 20, 2024
- Construction completion of STI and closeout from September 20, 2024 to September 30, 2025
- Program funds fully disbursed from December 31, 2024 to November 5, 2025

Since obtaining the extension, the City and Wakeland continued to work on the revised scope of work for the STI improvements. Those revisions are included in Exhibit C of the Subrecipient Agreement (Attachment 1). The City is in the process of receiving a second extension from the State which will provide a final project completion and invoicing deadline of September 30, 2026.

STRATEGIC PLAN ALIGNMENT:

The Project aligns with **Strategy Priority 2 – Community Well-Being and Goal No. 2.1** – Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

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

1. **Community Trust** – The community was informed of the project through social media, community meetings, and the Housing Authority website. The project was discussed and approved in a public forum at prior City Council meetings.

2. **Equity** – Activities funded under the AHSC grant are accessible and made available to all project area residents.

3. **Fiscal Responsibility** – There is no fiscal impact to the City General Fund associated with this project. This project allows the City to utilize a state budget appropriation to build low-income housing to create economic stability for extremely low-income City residents.

4. **Innovation** – The project will allow the City to capitalize on new and changing funding sources in partnership with state programs to meet ongoing and changing needs of low-income members of the community

5. **Sustainability & Resiliency** – The Project promotes a sustainable community and economic development and projects to encourage community engagement and resiliency.

FISCAL IMPACT:

The total fiscal impact of this action is $3,189,779. Funding for this award has already been appropriated into the AHSC Mission Heritage Account No. 9342400-440210 for the transportation projects.
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Prepared by:	Andrea Robles, Housing Project Coordinator
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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachment: Affordable Housing and Sustainable Communities Subrecipient Agreement – Mission Heritage Project