



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR CITY COUNCIL DATE: DECEMBER 17, 2019

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 7

SUBJECT: HOUSING FIRST – ADOPTION OF A RESOLUTION SUPPORTING THE SUBMISSION OF APPLICATIONS BY NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA TO THE STATE OF CALIFORNIA FOR DEVELOPMENT FUNDING IN SUPPORT OF A PROPOSED 80-UNIT PERMANENT SUPPORTIVE HOUSING PROJECT TO BE LOCATED AT 11253 PIERCE STREET

ISSUE:

Approval of a Resolution supporting the submission of applications by National Community Renaissance of California to the State of California for loans and tax credits to fund development of a proposed 80-unit multifamily Permanent Supportive Housing Project, being proposed at 11253 Pierce Street (APNs # 146-141-072; 146-141-071; 146-141-065; 146-141-066; 146-141-067; 146-141-029) in the La Sierra Neighborhood.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution (Attachment 1) supporting the submission of applications by National Community Renaissance of California to the State of California for loans and tax credits, including No Place Like Home funding, to facilitate development of a proposed 80-unit multifamily Permanent Supportive Housing Project, being proposed at 11253 Pierce Street; and
2. Authorize the City Manager or his designee to sign any documents that may be required in support of State funding applications, making minor corrections as necessary.

BACKGROUND:

On June 4, 2019 National Community Renaissance of California (National CORE) submitted an over-the-counter funding request to the Housing Authority for predevelopment and construction costs related to an 80-unit multi-family residential development to be located at 11253 Pierce Street in Ward 7 (La Sierra Neighborhood). The site is part of property owned by the Pacific Union Conference of Seventh-Day Adventists. Completion of a potential project is in furtherance of the City’s approved Housing First Plan, which calls for the creation of almost 400 units of very low-income housing over a 10- year period.

The Project has been subject to substantial predevelopment negotiations and design. National CORE entered into a Disposition and Development Agreement with the Pacific Union Conference of Seventh-Day Adventists on May 31, 2019 and has completed significant site design work that produced the elevations and site planning contained in this staff report (Attachments 2 and 3).

Staff is analyzing the funding request from National CORE and will return to the City Council/Housing Authority Boards with a recommendation at a near future date. Due to Housing Authority funding constraints, staff is requesting that the City support applications to the State of California that would increase contributions to the Project’s funding gap from outside sources. Funding from the State No Place Like Home, Multifamily Housing Program, and Low-Income Housing Tax Credits hold great potential to close funding gaps for any potential project.

The Love Your Neighbor Program

This project is part of the Mayor’s Love Your Neighbor Program. Stemming from the City’s efforts to functionally end veteran homelessness in 2014, the Program sets a goal of reaching a “functional zero” (e.g., having enough resources available to get each individual or family to provide the support needed to exit homelessness) for all homeless individuals in Riverside by the year 2025. A collaboration of over 70 faith based and community organizations, the Program seeks to increase local giving, expand the available housing stock, and create highly trained volunteers in order to address homelessness in Riverside, and the region.

DISCUSSION:

Developed in partnership with Mercy House, a noted social service provider and developer, the mission of the proposed Project would be to provide access to stable and affordable housing; provide case management and supportive services based on clients needs; and to assist clients with graduating into permanent housing. As proposed, 79 of the Project units will be rented to persons or families earning at-or-below 60% of the Area Median Income (or \$43,080 for a family of four in 2019). The Project would also have one unrestricted managers unit.

The proposed sources and uses are as follows, although it expected that these estimates and sources of funds may change as the Project continues in its development cycle:

Uses of Funds	Cost:
Acquisition/Closing Costs	\$1,250,000
Architectural	\$2,912,500
Construction Costs	\$25,395,998
Indirect Construction/Legal	\$623,215
Developer Fee	\$2,000,000
Rent Up/Reserves	\$1,463,859
Financing Costs	\$2,212,837
Total Development Costs	\$35,858,408

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

Sources of Funds	Funding Amount:
Permanent Loans	\$3,945,456
Tax Credit Equity	\$22,415,776
City of Riverside	\$1,000,000
State Housing Funds (AHP, MHP)	\$3,135,000
No Place Like Home Funds	\$5,027,997
Deferred Developer Equity	\$334,179
Total Sources of Funds	\$35,858,408

Public Outreach:

This Project was the subject of a public meeting held on November 21, 2019 at the La Sierra Senior Center. The Project was also included in the City’s Housing First Plan, which was approved by City Council on March 13, 2018 and was subject to public outreach at that time.

FISCAL IMPACT:

Any potential City investment in the Project would come from HOME Investment Partnership Act funds. Staff will analyze the Project after potential State housing funding is awarded and identify any additional subsidy needs as part of future funding agreement negotiations.

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

- Attachments:
1. Resolution
 2. Architectural Elevation
 3. Proposed Site Schematic (28-units)