

AMENDMENT TO HUD FY 2024/2025 ANNUAL ACTION PLAN, HOMEKEY+ STANDARD AGREEMENT, AND LOAN AGREEMENTS FOR THE QUALITY INN MOTEL CONVERSION PROJECT

Housing and Human Services

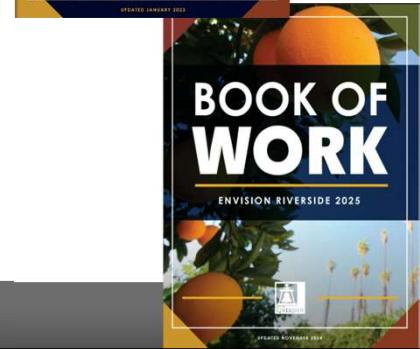
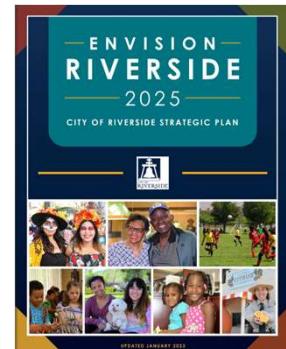
January 13, 2026
City Council

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BACKGROUND

- January 9, 2024: City Manager presents 2024 Book of Work
- Envision Riverside 2025, Community Well-Being Goal: Activity No. 23
 - Work to respond to and reduce homelessness
- Action (f): Pursue Homekey funding for Quality Inn conversion
- Project carried into 2025 Book of Work



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HOMEKEY+ NOFA

- Released on November 26, 2024 by the California Housing and Community Development (HCD)
- Funded through Proposition 1 **approved by California voters** in March 2024
- Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the Permanent Supportive Housing component of the BHIBA.



Homekey
Bringing California Home



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HOMEKEY+

- Eligible applicants: cities, counties, state and regional and local public entities and tribal entities
- Eligible uses: acquisition and/or rehabilitation of motels, hotels, apartments, assisted living residences, commercial spaces and other buildings with existing uses that could be converted to permanent supportive housing
- Projects must be completed within 12 months starting 60 days from the date of the Award letter



**HOUSING
IS KEY**

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FUNDING AVAILABILITY & PROGRAM REQUIREMENTS

- \$1.11 billion available for projects serving all eligible populations
- Up to \$200,000/unit; up to \$300,000 with local match
- Operating support up to \$1,400/unit/month
- Eligible uses: acquisition/rehabilitation of hotels, motels, apartments, and commercial buildings
- Applications due May 30, 2025; awards began June 2025



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HOMEKEY GRANT AWARD

Homekey Funding	No. of Jurisdictions	No. of Projects	No. of Units
Round 1	7	10	579
Round 2	33	51	3,188
Round 3	60	116	6,863
Homekey+	26	32	1,517
Total	126	209	12,147



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HOMEKEY FUNDED PROJECTS IN RIVERSIDE COUNTY

APPLICANT	PROJECT NAME	HOMEKEY AWARDS	NO. OF UNITS	PROJECT DESCRIPTION
County of Riverside and TruEvolution (Payee: TruEvolution)	Project Legacy, Riverside	\$4,000,000 (Round 1)	19	Acquisition of six adjacent properties located on Brockton Avenue, 9th Street and University Avenue for Project Legacy. Tenants live at Project Legacy for up to 24 months, with the goal of transitioning to permanent housing after residents are equipped with skills to become self-sufficient.
County of Riverside and Riverside Community Housing Corporation	Mountain View Estates Phase III, Coachella Valley	\$7,250,000 (Round 1)	40	Replace mobile homes in a dilapidated mobile home park.
City of Riverside and Walden (Funds provided to Walden in escrow by the State)	Walden Scattered Site Interim Housing	\$5,250,000 (Round 2)	25	Acquisition and rehabilitation of four (4) single-family homes for the use of transitional housing for the youth homeless population
County of Riverside	Vista Dorada, Corona	\$11,949,900 (Round 2)	40	Hotel/motel conversion acquisition and rehabilitation for permanent supportive housing
County of Riverside	The Springs Housing Navigation Campus, Palm Springs	\$19,059,202 (Round 2)	80	Modular living units and rehabilitation of two of the three existing warehouse buildings for services.

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HOMEKEY FUNDED PROJECTS

Walden Youth Transitional Housing



Project Legacy



Mountain View Estates Phase III



Vista Dorada



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PERMANENT SUPPORTIVE HOUSING (PSH)

- March 13, 2018, City Council approved the Housing First Strategy that places a focus on immediate access to PSH
- December 2023, City's Housing Authority completed the development of 10 PSH units in Ward 1
- January 2025, Innovative Housing Opportunities completed 32 PSH that serves transitional youth in Ward 1.
- Sunrise at Bogart is expected to close on the project's financing in June 2025 and soon start construction of 22 PSH units in Ward 7



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PSH PROJECTS



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PSH NEEDS

Riverside has 312 unhoused individuals on the Coordinated Entry System Community Queue waiting for a permanent supportive housing unit

- 27 unhoused seniors at or over the age of 62
- 41 unhoused seniors between the ages of 55-61
- 134 unhoused individuals between the ages of 25-54
- 17 unhoused transitional aged youth between the ages of 18-24



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UNIVERSITY TERRACE HOMES

February 24, 2025, received a proposal received from Riverside Housing Development Corporation to acquire and rehabilitate the Quality Inn at 1590 University Avenue

- Convert 114 motel rooms into studio units
 - Small kitchen, bathroom, and a living area that also functions as a bedroom
- 94 Homekey+ units, permanent supportive housing units at or below 30% of area median income (AMI)
- 20 affordable housing units at or below 50% of AMI
- Affordable for a 55-year period



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UNIVERSITY TERRACE HOMES

- 18 units reserved for individuals with mobility disabilities and 12 units reserved for those with hearing or vision disabilities
- Tenants will be required to sign a 12-month lease, which after 12 months converts to a month-to-month lease
- The property will be gated, have onsite 24/7 security, a social service coordinator and four (4) case managers onsite
- The property manager and maintenance staff will live onsite



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WHO WILL BE SERVED

- 20 units will be typical affordable housing rented to households with incomes at or below 50% area median income (\$35,900 for a one-person household)
- 94 units will be permanent supportive housing and rented to households with incomes at or below 30% of area median income (\$21,500 for a one-person household)
 - Documented mental health or substance abuse disorder and are unhoused
- Case manager will be assigned to residents in a permanent supportive housing unit
 - Assist residents with achieving self-sufficiency through needs assessments, establishing S.M.A.R.T goals, and referrals to service agencies



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QUALITY INN



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UNIVERSITY TERRACE HOMES



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QUALITY INN

- For sale since 2023
- Last major improvement was completed in 2018
- 1/1/2024 – 4/26/2025, property generated 97 calls for police services that required 222 officers to respond to and 4/27 – 10/31/2025, additional 67 police service calls
- Lowest nightly bed rate charged at \$107-\$119 a night
- Property's location is walkable to community-based healthcare services, employment opportunities, retail, banks, local transit and other services
- Residents will generate an estimated \$1.3 million in annual disposable income
- Support local businesses, create jobs and contribute to the long-term viability of the Eastside.
- Adaptive-reuse of the property is a more economical option and more environmentally friendly alternative
- Helps address the ongoing housing shortage

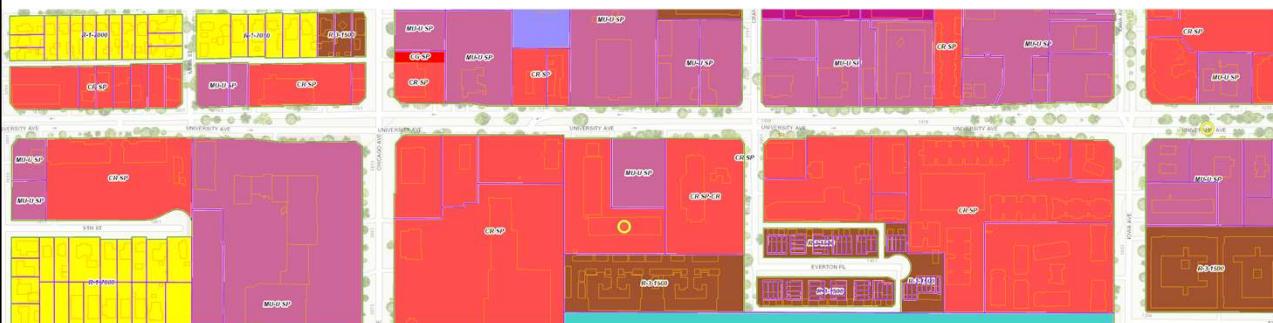


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ZONING MAP

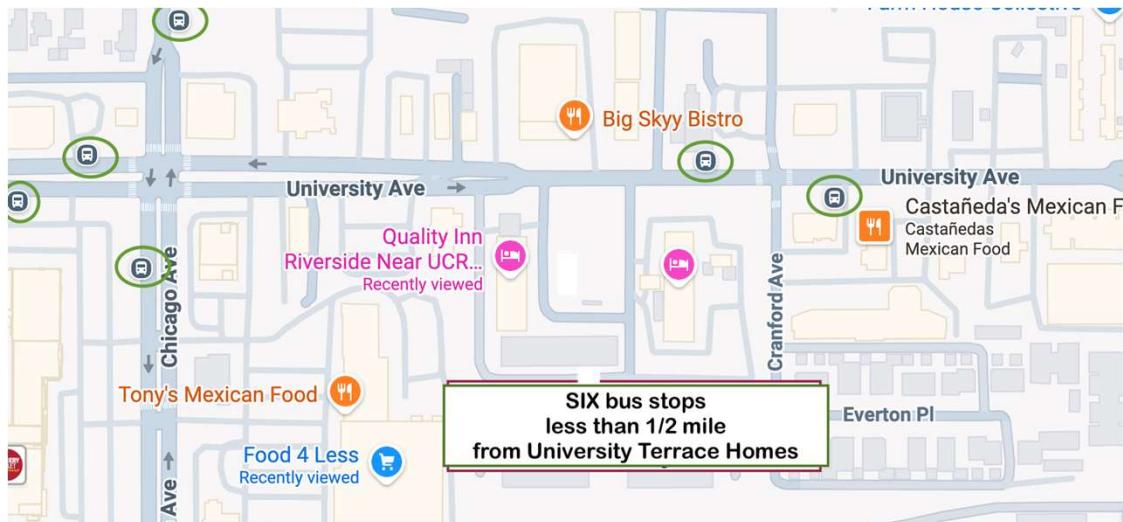


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RTA BUS STOPS

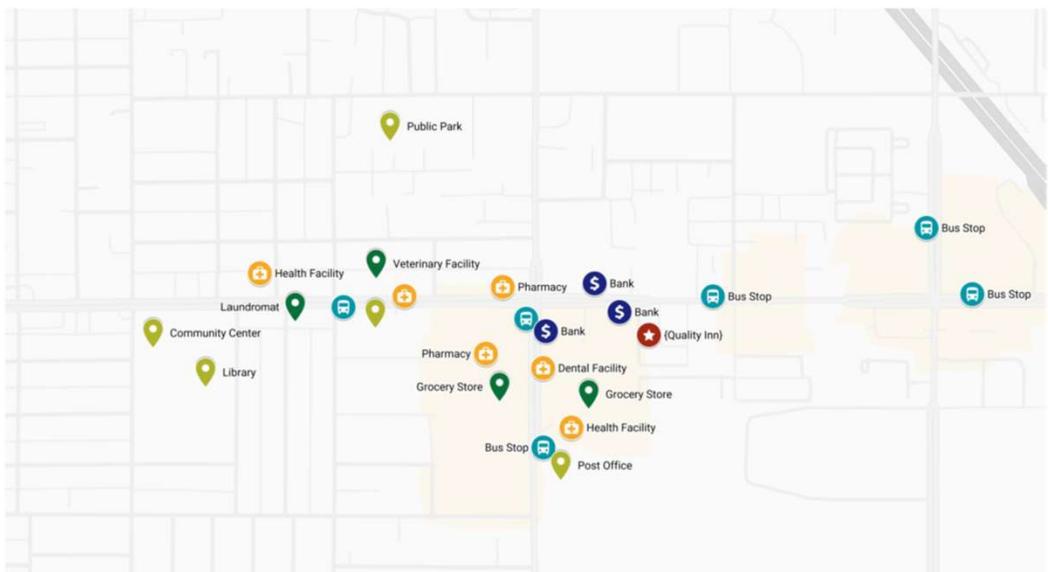


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RESOURCES



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RIVERSIDE HOUSING DEVELOPMENT CORPORATION

- Founded in 1991, RHDC owns, operates and manages over 1,300 affordable housing units throughout Riverside County
- More than \$100 million in multi-family housing
 - Employs 40+ staff
 - Main office on Brockton Avenue
 - Over \$4 million in cash reserves deposited in local banks
- Renovated distressed neighborhoods with housing projects in Riverside, Moreno Valley, Hemet, Coachella Valley, and Blythe
- Member of Riverside Chamber of Commerce



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SAFE PLACE TO CALL HOME



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COMMUNITY OUTREACH MEETINGS

DATE	GROUP
March 28, 2025	Individuals with lived experience
April 3, 2025	Lincoln Park Community Group
April 10, 2025	University Neighborhood Association
April 23, 2025	Bordwell Park Advisory Committee
May 8, 2025	University Avenue Business Meeting



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CITY MEETINGS

DATE	MEETING
March 24, July 28, September 22, and October 27, 2025	Housing and Homelessness Committee – Housing Authority project updates
May 20, 2025	<p>City Council Recommended:</p> <ol style="list-style-type: none"> 1) Submitting a joint Homekey+ application; 2) Executing all required application documents; 3) Approving a MOU with RHDC committing soft funding totaling \$6,750,000 in HHAP Round 3 and 4, \$1,234,890.09 in CDBG funds and \$1,000,000 in HOME funds; and 4) Returning to City Council with due-diligence findings including community engagement updates, increase case management, and sewer infrastructure assessment prior to acceptance of the Homekey+ grant.

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COMMUNITY ENGAGEMENT OUTREACH

DATE	MEETING
July 17, 2025	Safety and Security Meeting with Businesses
August 21, 2025	on University from Cranford to Iowa
September 18, 2025	
October 14, 2025	
November 20, 2025	
October 3, 2025	Riverside Chamber of Commerce and Altura Credit Union
October 15, 2025	Inland SoCal Housing Collective
November 17 and 20, 2025	Business Outreach Meeting



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DUE-DILIGENCE

- Provide six full time case managers
- Sewer Infrastructure Assessment
 - Upsize 6" sanitary sewer line to an 8" with an 8" clean out at University Ave.
- Updated project budget

Funding Source	Amount	No. of Affordable Units
Homekey+	\$20,137,410.00	94 units at 30% of AMI
HHAP Round 3 and 4	\$ 7,569,272.25	36 units at 30% of AMI and 20 units at 80% of AMI
HOME	\$1,000,000.00	11 units at 50% of AMI (layered with HHAP units)
CDBG	\$ 965,617.75	30 units at 50% of AMI (layered with HHAP units)
Total	\$29,672,300	



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PROJECT FINANCING

- CDBG loan, 0% interest, forgiven over 55-year term
 - Funds must be expended by mid-April 2026 to meet HUD's timeliness requirement
- HHAP and HOME loans, 3% simple interest, residual receipt payments throughout the 55-year affordability period.
 - HHAP Round 3 funds must be expended by June 30, 2026
- November 17, 2025, received letter from HCD regarding award of \$20,137,410 in Homekey+ Grant funds
- Affordable housing units restricted under City loan agreements total 56 units, representing 48% of the total housing units



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PROJECT FINANCING

- Program Acceptance of Terms and Conditions of Conditional Award Letter must be signed and returned within 10 calendar days
 - HCD provided extension to January 16, 2026
- September 3, 2025, RHDC awarded 94 Section 8 Project Based Vouchers



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BLOOMBERG CITIES IDEA EXCHANGE

- No-cost initiative connecting cities worldwide to share and scale innovative urban solutions
- Project aligns with Social Housing Retrofit category
- March 2025, Riverside was selected to advance to the next phase by submitting a formal project summary and action plan.
- Project aligns with Bloomberg's timelines, which require implementation by June 2027
- If selected, City could receive local consultancy support of \$30,000



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ARTICLE XXXIV

- California Constitution requires voter approval for certain affordable housing projects developed, constructed, or acquired by public entities.
- Homekey+ program exempt from these requirements category
 - HCD's review is governed by HSC Section 37001
 - HSC Section 37001(h)(3) clarifies that the term "low-rent housing projects" do not include projects funded with monies appropriated and disbursed by the Business, Consumer Services and Housing Agency (BCSH), HCD, or the California Housing Finance Agency.
 - Senate Bill 469, which affirmed that the use of state affordable-housing funds does not trigger Article 34 voter-approval requirements.



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RECOMMENDATIONS

That the City Council:

1. Approve an amendment to the City of Riverside Fiscal Year 2024/2025 United States Department of Housing and Urban Development Annual Action Plan to allocate \$965,617.75 in Community Development Block Grant unprogrammed funds for the acquisition and rehabilitation of the Quality Inn Motel located at 1590 University Avenue coveting 30 affordable housing units;
2. Approve the Homekey+ Program Notice of Funding Availability Acceptance of Terms and Conditions of Conditional Award with the California Department of Housing and Community Development and Riverside Housing Development Corporation and any other grant related documents to implement the grant for an award of up to \$20,137,410 of Homekey+ grant funds;



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RECOMMENDATIONS

3. Approve the following loan agreements with Riverside Housing Development Corporation for the University Terrace Homes project:
 - a. Community Development Block Grant: \$965,617.75,
 - b. HOME Investment Partnerships Program: \$1,000,000, and
 - c. Homeless Housing, Assistance and Prevention Round 3 and 4: \$7,569,272.25; and



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RECOMMENDATIONS

4. Authorize the City Manager, or designee, to execute the following agreements with Riverside Housing Development Corporation and grant related documents to implement the grant including making minor and non-substantive changes and to revise each Regulatory Agreement attached to the Loan Agreement to identify the specific units that the City will be requiring to be affordable, as further described herein.
 - a. Homekey+ Program Notice of Funding Availability Acceptance of Terms and Conditions of Conditional Award;
 - b. Community Development Block Grant Loan Agreement;
 - c. HOME Investment Partnerships Program Loan Agreement; and
 - d. Homeless Housing, Assistance and Prevention Round 3 and 4 Loan Agreement.



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