



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JANUARY 11, 2022**
FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 7**

SUBJECT: RESOLUTION AUTHORIZING THE CITY OF RIVERSIDE TO APPLY ON BEHALF OF SUNRISE AT BOGART LP FOR \$2,200,000 OF THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S HOMEKEY PROGRAM ROUND 2 FUNDING FOR THE DEVELOPMENT OF SUNRISE AT BOGART, A 22-UNIT PERMANENT SUPPORTIVE HOUSING PROJECT LOCATED ON HOUSING AUTHORITY-OWNED PROPERTY LOCATED AT 11049 BOGART AVENUE - SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve a Resolution authorizing the City of Riverside to apply on behalf of Sunrise at Bogart LP for \$2,200,000 of the State of California Department of Housing and Community Development Homekey Program Round 2 funding for the development of Sunrise at Bogart, a 22-unit permanent supportive housing project located on Housing Authority-owned property located at 11049 Bogart Avenue.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution authorizing the City of Riverside to apply on behalf of Sunrise at Bogart LP for \$2,200,000 of the State of California's Homekey Program Round 2 funding for the development Sunrise at Bogart, a 22-unit permanent supportive housing project being proposed at 11049 Bogart Avenue and authorize the City Manager, or designee, to sign any documents that may be required to apply for the Homekey funding, including making minor and non-substantive changes; and
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenues and supplemental appropriation in an amount equal to \$2,200,000 in the Development Grants Fund, Homekey Sunrise at Bogart accounts; and
3. Authorize the City Manager, or designee, to execute a Homekey Grant Agreement with Sunrise at Bogart LP, including making minor and non-substantive changes.

BACKGROUND:

In March of 2019, the Housing Authority received an over-the-counter application from Neighborhood Partnership Housing Services (NPHS) for the development of 15 tiny cottages plus

a small office building on Housing Authority-owned property located at 11049 Bogart Avenue in the La Sierra Neighborhood; a project that would provide housing for chronically homeless individuals coupled with case management. Staff reviewed and rated the NPHS application and found the proposal to be strong enough to proceed in development. During the predevelopment phase, NPHS revised the proposed project concept to 22 units with a large central “village feel” common green space suitable for urban farming plots (Project). NPHS subsequently formed Sunrise at Bogart LP to develop the project.

On December 15, 2020 the City Council approved Resolution No. 23660 which supported the Project with a commitment of \$500,000 in funding from the HOME Investment Partnership Program (HOME). The Housing Authority approved a write-down of the vacant land at 11049 Bogart Street to \$1 and has since executed a Disposition and Development Agreement for the disposition of the 11049 Bogart Street.

On September 9, 2021 the State of California Department of Housing and Community Development (HCD) announced the availability of approximately \$1.45 billion in Homekey funding to sustain and rapidly expand the inventory of housing for people experiencing homelessness or at-risk of homelessness and who are, thereby, inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases. Homekey is an opportunity for state, regional, and local public entities to develop a broad range of housing types, including but not limited to hotels, motels, hostels, single-family homes and multifamily apartments, adult residential facilities, and manufactured housing, and to convert commercial properties and other existing buildings to permanent or interim housing for the target population. Up until January 31, 2022, the City is eligible to apply on a first-come-first served basis for Homekey funding in a geographic set-aside that includes Imperial, Orange, San Bernardino, Ventura, and Riverside Counties.

DISCUSSION:

HCD mandates that local government agencies or county agencies can apply for the Homekey grant funds. Therefore, staff is requesting authorization to submit a Homekey grant application in the amount of \$2,200,000 on behalf of the Sunrise at Bogart LP for the development of the Project. The Project mission is to provide access to stable and affordable housing, provide case management to residents to achieve housing stability and self-sufficiency; and to assist residents with graduating into permanent housing. All residential units in the Project will be made available to households earning at-or-below 50% of the Area Median Income (\$27,650 for one person in 2021).

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

Development Costs

Uses of Funds	Cost:
Land Acquisition	\$ 27,000
Construction (w/contingency)	\$ 5,726,360
Soft Costs	\$ 1,435,241
Developer Fee	\$ 601,000
Total Development Costs	\$ 7,789,601

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

Sources of Funds	Funding Amount:
No Place Like Home Program	\$ 2,248,527
Homekey Program	\$ 2,200,000
HOME ARP-County	\$ 1,800,000
City HOME Loan	\$ 1,500,000*
Developer Equity	\$ 41,074
Total Sources of Funds	\$ 7,789,601

*If the City is awarded Homekey grant funds, staff will return to City Council with a request to provide \$1.5 million of HOME Program funds through a Development Agreement.

STRATEGIC PLAN ALIGNMENT:

The development of the Sunrise at Bogart project contributes to Strategic Priority No. 2 *Community Well-Being* and Goal No. 2.3 - Strengthen neighborhood identities and improve community health and the physical environment through amenities and programs that foster an increased sense of community and enhanced feelings of pride and belonging citywide.

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

1. **Community Trust** – The City of Riverside has identified eight priority development areas to meet the greatest needs of residents in the City. Priorities are based on responses to the 2020-2021 Community Survey conducted by the City through Community Ward Meetings, Post Card Surveys, and online. The information 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 US Department of HUD provides critical priority for the funding to ensure all eligible persons receive equitable access to service 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 allows the City to utilize unused HOME funds toward the construction of low-income housing to create economic stability for low-income City residents.
4. **Innovation** – This item will allow the City to capitalize on new and changing funding sources in partnership with federal and state programs to meet ongoing and changing needs of low- to moderate income members of the community.
5. **Sustainability & Resiliency** – The HUD Annual Action Plan describes the specific actions that will be undertaken using HUD entitlement funds to promote sustainable community and economic development and projects to encourage community engagement and resiliency.

FISCAL IMPACT:

The total fiscal impact of this action is \$2.2 million. Upon Council approval and the grant award,

Finance will record \$2.2 million in the Development Grants Fund, in revenue Homekey Sunrise at Bogart Account No. 9410000-334300 and the same amount in the expense Homekey Sunrise at Bogart Account No. 9410000-440220.

Prepared by:	Michelle Davis, Housing Authority Manager
Certified as to availability of funds:	Edward Enriquez, Chief Finance Officer/City Treasurer
Approved by:	Lea Deesing, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachment: Resolution