



City of Arts & Innovation

Date: 1-25-22

Item No.: 6b

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 1, 2022

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 1

SUBJECT: RESOLUTION TO AUTHORIZE THE CITY OF RIVERSIDE TO ACCEPT A \$10,000,000 PASS-THROUGH GRANT FROM THE STATE OF CALIFORNIA AND APPROVE A REHABILITATION AGREEMENT WITH YOUNG SCHOLARS FOR ACADEMIC EMPOWERMENT DBA TRUEVOLUTION INC. TO FUND THE PROJECT LEGACY, A 49 BED TRANSITIONAL HOUSING PROJECT LOCATED AT 3839, 3853, 3865, 3879 BROCKTON AVENUE, 4145 9TH STREET, AND 4132 UNIVERSITY AVENUE – SUPPLEMENTAL APPROPRIATION

ISSUES:

Approval of a Resolution authorizing the City of Riverside to accept a \$10,000,000 pass-through grant from the State of California and approve a Rehabilitation Agreement with Young Scholars for Academic Empowerment dba TruEvolution, Inc. to fund the Project Legacy, a 49-bed transitional housing project located at 3839, 3853, 3865, 3879 Brockton Avenue, 4145 9th Street, and 4132 University Avenue.

RECOMMENDATIONS:

That the City Council:

1. Approve a Resolution authorizing the City of Riverside to accept a \$10,000,000 pass-through grant from the State of California to fund the Young Scholars for Academic Empowerment dba TruEvolution, Inc. Project Legacy, a 49 bed transitional housing project located at 3839, 3853, 3865, 3879 Brockton Avenue, 4145 9th Street, and 4132 University Avenue and authorize the City Manager, or designee, to execute an applicable standard agreement and other grant related documents required to secure the grant funds;
2. Approve a Rehabilitation Agreement with Young Scholars for Academic Empowerment, dba TruEvolution, Inc. to award \$10,000,000 of State pass-through grant funds to complete the Project Legacy transitional housing project;
3. Authorize the City Manager, or his designee, to execute a Rehabilitation Agreement with Young Scholars for Academic Empowerment dba TruEvolution, Inc., including making minor and non-substantive changes; and
4. With at least five affirmative votes, authorize the CFO, or his designee, to record an increase in revenues and appropriate expenditures in an amount equal to \$10,000,000 in the Development Grants Fund, TruEvolution Housing Project Program.

LEGISLATIVE HISTORY:

The State of California (State) in its Budget Act of 2021 (Budget Act), as amended by Budget Bill Jr. (SB129), Chapter 69, Control section 19.56(b)(211) allocated Ten Million dollars (\$10,000,000) to the City of Riverside for TruEvolution's Project Legacy housing project. The State budget appropriation line item reads as follows:

(211) \$10,000,000 to the City of Riverside for TruEvolution's Project Legacy Housing Project.

BACKGROUND:

In September of 2020 Young Scholars for Academic Empowerment, DBA TruEvolution, Inc. (TruEvolution), began working with the Riverside County Housing Authority to seek Housing Opportunities For Persons With AIDS (HOPWA) funding to acquire six contagious parcels located at 3839, 3853, 3865, 3879 Brockton Avenue, 4145 9th Street, and 4132 University Avenue (Properties) and to begin project pre-development on Project Legacy, a 49-unit transitional housing project that would provide housing for persons experiencing homelessness or for those at risk of homelessness. The County granted the Project \$1 million in HOPWA funds for the land acquisition needed for the project.

DISCUSSION:

With the passage of the State budget, the State Department of Finance contacted the City Manager's Office with an urgent request to review and sign a short Standard Agreement that would enact the budget appropriation for TruEvolution's Project Legacy. Because the funding was approved by the State, and with the urgent request from the Department of Finance, the City Manager executed a short State Standard Agreement (Attachment No. 1) with the concurrence of the City Attorney.

The Standard Agreement mandates that the City, "...maintain books, records, documents, and other evidence that demonstrates the funding was used for TruEvolution's Project Legacy Housing Project. These books, records, documents, and other evidence shall be made available for audit and inspection by the Department [of Finance] for a period of three years."

Because the City is charged with the monitoring of the project outcomes, and potential audit and other requests, the City Attorney's Office drafted a Rehabilitation Agreement (Attachment No. 2) which governs completion and monitoring of the project. The Rehabilitation Agreement treats Project Legacy much like other affordable housing projects that the City has funded and holds the project to like standards, such as mandating 55-year affordability for Project Legacy affordable housing units that will be made available to extremely low-income persons earning at or below 30% of area median income.

The State grant funds will be used to rehabilitate the Properties. Five of the properties are single-family residences that will be renovated to a 49-bed transitional housing program. One commercial building will be renovated for an on-site community Health and Justice Center which will accommodate TruEvolution's offices and provide wraparound services to the campus' residents and community. The accessory garage structure behind the existing commercial building will be renovated as part of the project to provide a gym and laundry space to serve the tenants of the transitional housing bungalows and individuals using the Health and Justice Center facility.

The total project cost is \$21,978,933.16, which will be funded through the following funding sources:

SOURCE OF FUNDS	AMOUNT
State of California Homekey	\$4,052,457.00
Riverside County CARES Act	\$1,900,000.00
State of California Pass-Through Grant to City of Riverside	\$10,000,000.00
Homeless Housing, Assistance and Prevention (HHAP)	\$634,498.16
HOPWA	\$1,000,000.00
Deferred Developer Fee	\$778,000.00
American Rescue Plan Act	\$3,613,978.00
Total Sources of Funds	\$21,978,933.16

STRATEGIC PLAN ALIGNMENT:

Project Legacy aligns with the Priority 2 Community Well-Being and Goal No. 2.2, collaborate with partner agencies to improve household resiliency and reduce the incidence and duration of homelessness and Goal 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.

The TruEvolution Project also aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The City of Riverside has identified the need for affordable housing as a priority need in the City’s Housing Element process. The Housing Element outreach process gathered information from specific focus groups and interviews with various organizations and service providers in the housing and community development field, as well as residents of the city.
2. **Equity** –The Project ensures that 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 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- to moderate 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 fiscal impact of this recommendation is \$10,000,000. Upon Council approval of this report, \$10,000,000 will be recorded and appropriated in the Grants and Restricted Programs Fund, TruEvolution Housing Project Program Revenue and Expenditure accounts 9409700-334100 and

9409700-440210, respectively.

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

Attachments:

1. Resolution
2. State Standard Agreement
3. Rehabilitation Agreement