



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 7, 2022**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT **WARDS: ALL**

SUBJECT: PROPOSED ADOPTION OF THE CITY OF RIVERSIDE ANNUAL ACTION PLAN FOR THE USE OF FEDERAL ENTITLEMENT FUNDING FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FOR PROGRAM YEAR 2022-2023 – FUNDS TRANSFER AND SUPPLEMENTAL APPROPRIATION

ISSUE:

Adopt the 2022-2023 Annual Action Plan for the use of federal entitlement funding with estimated amounts from the United States Department of Housing and Urban Development.

RECOMMENDATIONS:

That the City Council:

1. Conduct the Public Hearing;
2. Adopt the 2022-2023 Annual Action Plan for expenditure of Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and HOME Investment Partnerships Program (HOME) funds in the total amount of \$8,467,783;
3. Authorize City staff to make any necessary changes to funding recommendations for funded Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program sub-recipients and finalize the 2022-2023 Annual Action Plan for submittal to the United States Department of Housing and Urban Development;
4. Authorize the City Manager or his designee to execute the United States Department of Housing and Urban Development grant agreements for the Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS and HOME Investment Partnerships programs and the agreements with the City's grantees as identified in the 2022-2023 Annual Action Plan; and
5. With at least five affirmative votes, authorize the estimated appropriation of funds for City Departments receiving funding to the appropriate accounts established by the Finance Department.

BACKGROUND:

As a designated entitlement jurisdiction, the City receives federal funding to support projects and programs that provide decent and affordable housing, sustain suitable living environments, and expand economic opportunities for low- and moderate-income persons. The City is required to develop an Annual Action Plan for the use of these funds, which serves as the means to meet the application and submission requirements for four entitlement programs including Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and HOME Investment Partnerships Program (HOME). Upon City Council approval of the DRAFT 2022-2023 HUD Annual Action Plan, the plan will be finalized. The Annual Action Plan (Plan) must be submitted to the United States Department of Housing and Urban Development (HUD) no later than August 16, 2022.

DISCUSSION:

The City's fiscal year (FY) 2022-2023 HUD allocations for these formula programs, as well as the proposed activities to be funded, are as follows:

Community Development Block Grant (CDBG) - \$2,905,922

In the draft Plan, the City is using the FY 2022-2023 CDBG funding allocation of \$2,905,922. Activities eligible for funding under the CDBG program include acquisition of real property, construction, rehabilitation or improvements to public facilities, housing-related services and activities, economic development, public services, and program planning and administration. Eligible activities are required to meet a CDBG program national objective, which include: 1) assist low- and moderate-income persons; 2) aid in the prevention or elimination of slum or blight; and 3) meet urgent community needs. Projects proposed for CDBG funding in FY 2022-2023 are listed in Attachment 1.

CDBG Project Recommendations	\$2,324,737.60
City Program Administration (20% cap)	\$581,184.40
Total	\$2,905,922

Emergency Solutions Grant (ESG) - \$268,894

In the draft Plan, the City is using the FY 2022-2023 ESG funding allocation of \$271,229. Activities eligible for funding under the ESG program include support for the operations and provision of essential homeless services including street outreach, emergency shelter, and rapid re-housing activities. No more than 60% of the City's ESG grant allocation can be used to fund shelter and outreach services.

Funding recommendations for FY 2022-2023 ESG allocation are as follows:

Year-Round Emergency Shelter	\$161,336.40
Rapid Re-Housing Program	\$87,390.55
City Program Administration (7.5% cap)	\$20,167.05
Total	\$268,894.00

Housing Opportunities for Persons with AIDS (HOPWA) - \$4,010,554

In the draft Plan, the City is using the FY 2022-2023 HOPWA funding allocation of \$4,010,554. The City has been designated by HUD as the eligible metropolitan service area (EMSA) grantee to administer the HOPWA funding for both Riverside and San Bernardino counties. HOPWA funds may be used for housing projects, rental subsidies, mortgage and utility payments, supportive services, and program administration. Funding recommendations for the FY 2022-2023 HOPWA allocation will be utilized to provide services for activities both in Riverside and San Bernardino County. No more than 3.5% of the total allocation will be utilized for City program administration.

HOME Investment Partnerships Program (HOME) - \$1,282,413

In the draft Plan, the City is using the FY 2022-2023 HOME funding allocation of \$1,282,413. The HOME Program goal is to preserve and increase the supply of decent, safe, and sanitary affordable rental and owner-occupied housing for persons at 80% or below the Riverside County area median household income.

HOME Funding will be distributed as follows:

Acquisition and rehabilitation of multi-family properties and Infill Residential Development Program	\$1,154,171.70
City Program Administration (10% cap)	\$128,241.30
Total	\$1,282,413.00

The City anticipates receiving \$200,000 in program income. These funds may be used to fund the Infill Residential Development Program and Tenant-Based Rental Assistance Program.

Citizen Participation

The City has an annual requirement to include citizen participation and community input on the use of these funds prior to submitting the Annual Action Plan to HUD. This year, the community input process included a post card mailed Citywide and made available on the City website. In-Person Community Ward Meetings; one in each Ward. A public notice of funding availability was released in December 2021, a 30-day public comment period on the draft of the 2022-2023 Action Plan from May 9 to June 7, 2022, and the subject public hearing (noticed for May 9, 2022) to receive public comment on the proposed Annual Action Plan.

STRATEGIC PLAN ALIGNMENT:

The City of Riverside 2022-2023 United States Department of Housing and Urban Development (HUD) Annual Action Plan for the Community Development Block Grant (CDBG) Program aligns with **Strategic Priority 2 – Community Well-Being** and contributes to the achievement of the following goals:

Priority 1. Arts, Culture & Recreation:

- **Goal 1.5:** Support programs and amenities to further develop literacy, health, and education of children, youth, and seniors throughout the City.

Priority 2. Community Well-Being:

- **Goal 2.1:** Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels;
- **Goal 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.

It also 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 2021/2022 Community Survey conducted by the City through Virtual Community Ward Meetings, Post Card Surveys, and online. The information was 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 U.S. Department of HUD provides critical priority for 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 of eligible persons.
3. **Fiscal Responsibility** – There is no new net fiscal impact associated with this item which maintains that Riverside is a prudent steward of public funds and ensures responsible management of the City's financial resources while providing quality public services to all.
4. **Innovation** – This item will continuously uphold that Riverside is inventive and timely in meeting the community's changing needs; it allows changes based on the Community's changing needs.
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 fiscal impact of this recommendation is \$8,467,783. The estimated funding is included in the City's FY 2022-2024 proposed budget and will be appropriated with the adoption of the budget by the City Council. After City Council adoption, the FY 2022-2023 budget will be adjusted upon receipt of the final HUD allocation.

Prepared by:	Chris Christopoulos, Interim Community & Economic Development Director
Approved as to availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachments:

1. CDBG Project Funding Recommendations 2022-2023
2. 2022-2023 HUD Annual Action Plan DRAFT
3. Presentation