

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 2023-2024 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 May 15, 2023.

DISCUSSION:

The City’s Fiscal Year (FY) 2023/24 HUD allocations for these formula programs as well as the proposed activities to be funded, are as follows:

Community Development Block Grant (CDBG) - \$2,863,437

In the draft Plan, the City is using the FY 2023/24 CDBG funding allocation of \$2,863,437. Activities eligible for funding under the CDBG program include the 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 includes: 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 2023/24 are listed in Attachment 1.

CDBG Project Recommendations	\$2,290,749.60
City Program Administration (20% cap)	\$ 572,687.40
Total	\$2,863,437.00

Emergency Solutions Grant (ESG) - \$255,400

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.

In the draft Plan, staff is recommending allocating \$255,4000 of FY 2023/24 ESG funding to the following activities:

Activity	Amount
Year-Round Emergency Shelter	\$125,000.00
Homeless Management Information Systems	\$28,240.00
Rapid Re-Housing Program for Domestic Violence Victims	\$83,005.00
City Program Administration (7.5% cap)	\$19,155.00
Total	\$255,400.00

Housing Opportunities for Persons with AIDS (HOPWA) - \$4,509,763

In the draft Plan, the City is using the FY 2023/24 HOPWA funding allocation of \$4,509,763. 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 2023/24 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.

Activity	Amount
HOPWA Project Recommendations	\$4,374,370.11
City Program Administration	\$135,392.89
Total	\$4,509,763.00

HOME Investment Partnerships Program (HOME) - \$1,243,818

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.

In the draft Plan, staff is recommending allocating \$1,243,818 of FY 2023/24 HOME funding to the following activities:

Activity	Amount
Mulberry Gardens Family Apartments – Eden Housing	\$1,119,437.00
City Program Administration (10% cap)	\$124,381.00
Total	\$1,243,818.00

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 Plan to HUD. This year, the community input process included the following mailing a postcard citywide; sharing the process on the City’s website; and conducting in-person Community Ward meetings; one in each Ward.

A public notice of funding availability was released in December 2022, a 30-day public comment period on the draft of the 2023-2024 Plan from April 9 to May 8, 2023, and the subject public hearing (noticed for April 9, 2023) to receive public comment on the proposed Plan.

STRATEGIC PLAN ALLIGNMENT:

This item contributes to **Strategic Priority 1 – Arts, Culture and Recreation** and **Strategic Priority 2 – Community Well-Being** along with 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.

This aligns with each of the five 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 2023/2024 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** – Federal grant dollars received via the CDBG, ESG, HOPWA and HOME programs help to fund in-full and/or leverage other dollars for worthy capital projects and programs and reduces the impact on the general fund. 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 estimated to be \$8,872,418. The funding estimate was included in the City’s FY 2022-2024 adopted budget. After City Council adoption, the FY 2023/24 budget will be adjusted upon receipt of the final HUD allocation in the various funds and accounts as brought forward during the previous budgeting process.

Prepared by: Jennifer Lilley, Community & Economic Development Director
Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Mike Futrell, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. CDBG Project Funding Recommendations 2023-2024
2. HUD Annual Action Plan DRAFT 2023-2024
3. Presentation