



Human Relations Commission Memorandum

City of Arts & Innovation

TO: HONORABLE COMMISSIONERS **DATE: SEPTEMBER 28, 2023**
FROM: HOUSING AUTHORITY **WARDS: ALL**
SUBJECT: PRESENTATION ON CURRENT HOUSING CHALLENGES

ISSUE:

Receive a presentation on current housing challenges in the city of Riverside.

RECOMMENDATION:

That the Human Relations Commission receives a presentation on current housing challenges in the city of Riverside.

BACKGROUND:

According to Redfin, in June 2023, Riverside home prices were down 0.96% compared to last year, selling for a median price of \$620,000. On average, homes in Riverside sell after 30 days on the market compared to 22 days last year. As home prices remain high, the need for substantial down payment assistance remains out of reach for many households.

On October 11, 2022, City Council approved the Homelessness Action Plan (Attachment No. 1) to reduce homelessness, including increasing housing production with a focus on affordability.

Below are the subgoals that the Housing Authority has led to increase the housing production with a focus on affordability and the performance outcomes for FY 2022/2023

SUBGOAL	GOAL STATUS	FY 2022/2023 ACCOMPLISHMENTS
5% increase in affordable housing units' inventory	Exceeded goal	This goal was exceeded by 5.9% by increasing the affordable housing inventory from 3,144 units to 3,326 units.
550 market rate and affordable housing units built annually	Exceeded goal	This goal was exceeded by 25% by building 648 housing units, which consisted of 503 rental units and 145 homeownership units. Of the 648 units, 135 units were affordable housing units (21% of units built), which consisted of 128 rental units and seven homeownership units.

55 for-sale market and affordable housing units built annually	Exceeded goal	This goal was exceeded by 164% as 145 homeownership units were built. Seven (7) of these homes were affordable.
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DISCUSSION:

Challenges that the Housing Authority may experience in meeting these same goals in FY 2023/24 are as follows:

1. There are limited resources for the development of affordable housing, which has made the application process very competitive; and
2. Interest rates on development and construction loans continue to climb which some developers may place their developments on hold until interest rates come down resulting in their projects cash flowing and making a healthy profit.

Down Payment Assistance Programs to assist low-income households continues to be a challenge. To assist a four-person low-income household earning up to \$74,550 annually with purchasing a home at \$620,000, a program would need to provide up to \$347,250 in down payment assistance to make the home affordable. Due to limited affordable housing resources and the need for affordable housing, the City’s federal HOME Investment Partnerships Program and Permanent Local Housing Allocation grant funds have been earmarked for the development of affordable housing rental units.

The Housing Authority will continue to work with the Grants Coordinator in the City Manager’s Office to pursue grants that fund the development of affordable housing and homeownership programs and market the Housing Element and City- and Housing Authority-owned sites for housing developments.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority #2 - Community Well-Being** and **Goal 2.1** to facilitate the development of quality and diverse housing developments that are made available and affordable to a wide range of income levels.

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 Housing Authority provides critical funding to development affordable housing projects that ensure all eligible persons receive equitable access to housing with dignity, respect, and compassion regardless of the circumstances, ability, or identity.
3. **Fiscal Responsibility** – The Housing Authority utilizes federal and state housing funds to create very low- to low-income housing that result in economic stability for very-low to low-income residents.
4. **Innovation** – The Housing Authority continues to pursue ongoing and changing needs of very-low to low-income members of the communities need for affordable housing by seeking innovative developments and funding sources.

5. **Sustainability & Resiliency** – Affordable housing developments promotes a sustainable community and economic development and encourage community engagement and resiliency.

FISCAL IMPACT:

There is no fiscal impact related to this staff report.

Prepared by: Michelle Davis, Housing Authority
Availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Mike Futrell, City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Homelessness Action Plan
2. Presentation