



# Development Committee Memorandum

*City of Arts & Innovation*

---

**TO: DEVELOPMENT COMMITTEE MEMBERS** **DATE: JUNE 23, 2016**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT** **WARD: 2**

**SUBJECT: FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATING AGREEMENT WITH WAKELAND HOUSING AND DEVELOPMENT CORPORATION TO INCLUDE A NEW MIXED-USE RESIDENTIAL COMMUNITY AND CORNER MARKET AT 1705, 1725 AND THE EASTERLY PORTION OF 1733 7<sup>TH</sup> STREET AND AMEND THE PRELIMINARY SCHEDULE**

## **ISSUE:**

The issue for Development Committee consideration is to recommend the Housing Authority Board approve the First Amendment to the Exclusive Negotiating Agreement with Wakeland Housing and Development Corporation to include a new mixed-use residential community and corner market at 1705, 1725 and the easterly portion of 1733 7<sup>th</sup> Street and amend the preliminary schedule.

## **RECOMMENDATION:**

That the Development Committee recommend the Housing Authority Board approve the First Amendment to the Exclusive Negotiating Agreement with Wakeland Housing and Development Corporation to include a new mixed-use residential community and corner market at 1705, 1725 and the easterly portion of 1733 7<sup>th</sup> Street and amend the preliminary schedule.

## **BACKGROUND:**

The Chicago-Linden Strategic Plan, adopted by City Council on March 11, 2014, sets forth focused strategies for revitalization of the Chicago-Linden area including the enhancement of access to resources, pedestrian connectivity, restoration of neighborhood safety and identification of redevelopment or new development opportunities that would increase the supply and diversity of safe, quality housing options available to residents at affordable rental rates. The Plan's vision, objectives and action plan were developed based on the concerns and ideas of community residents, property owners and other stakeholders.

The Housing Authority of the City of Riverside (Housing Authority) began implementing Phase I of the Plan by releasing a Request for Proposals in the summer of 2014 for the development of a new residential community of approximately 33 housing units; an anchor for the neighborhood; housing options for large families; and access to resources that will improve the quality of life for all residents of the Chicago-Linden area. Wakeland, a non-profit developer based in San Diego, was awarded an Exclusive Negotiating Agreement by City Council on August 25, 2015, as a result of that recruitment.

A second RFP, released on July 1, 2015 sought development of a mixed-use community incorporating the principals of the Chicago-Linden Strategic Plan, the Eastside HEAL Zone and Grow RIVERSIDE initiatives, incorporating a neighborhood serving market emphasizing sustainable and affordable healthy food options and an inviting exterior patio gathering space. Services requested included a produce exchange; produce garden(s), incubation space; healthy cooking demonstrations or classes; edible landscaping; and a minimum of 16 affordable residential units at 1705, 1725 and the easterly portion of 1733 7<sup>th</sup> Street (Attachment 1), an approximately one-acre site, presuming that the privately owned parcel at 1719 7<sup>th</sup> Street can be acquired.

Innovative Housing Opportunities (IHO), based in Irvine, and Wakeland Housing and Development Corporation both responded to the Housing Authority's RFP. Both firms were deemed responsive and were interviewed by Community & Economic Development staff. The interview panel recommended proceeding with Wakeland's proposal since it met all the requirements identified in the RFP and included a mixed-use development that incorporated the principals of the Chicago-Linden Strategic Plan, the Eastside HEAL Zone, and Grow RIVERSIDE initiatives.

Wakeland has assembled a development team including Riverside Housing Development Corporation (RHDC), a Riverside based non-profit affordable housing developer with extensive experience in the Chicago-Linden area. Their proposal (Attachment 2) envisions two distinct and unique communities. The first development was envisioned under the Exclusive Negotiating Agreement and the second proposed development is in response to the second Request for Proposals. To keep development costs down, Wakeland is proposing to treat the development as one project that will have two different architectural designs.

### Design

The existing neighborhood consists of a mix of small residential homes, large apartment communities to commercial and industrial buildings with large blank walls. The proposed community will create a new neighborhood spirit and promote the existing identity through an interactive and pedestrian-friendly environment and scale. Residents will have the ability to move easily within the community – from their townhome style apartment to other parts of the site – community gardens, courtyards, community building, and the corner market. This relationship of space and architecture can create a sense of place that will improve this neighborhood.

When developing the Chicago-Linden Strategic Plan, staff held several community meetings with residents to identify their wants and needs in the community. During these community meetings, Chicago-Linden area residents clearly identified safety as their main concern. Consequently, along the perimeter of the site, balconies and patios will be oriented toward the streets in order to create focal points of pedestrian activities and a safer environment.

Under the proposed development scenario, including that contemplated by the Exclusive Negotiating Agreement, the community is expected to include a total of 51 affordable units ranging from one-bedroom/one-bathroom to three-bedroom/two-bathroom units. These units will be affordable for 55 years.

The Wakeland Development Team is in discussions with various food purveyors willing and able to provide healthy food options at the proposed corner market. In order to incentivize long-term occupancy of the commercial building, it is expected that tenancy would be offered at low to no rent.

### Programming & Services

Resident services will include afterschool enrichment for youth; life skills and career counseling for adults; and community involvement program. In addition, and in support of the Riverside initiatives mentioned above, Fitness and healthy cooking classes will be held to reinforce the healthy living principals embodied by the on-site fresh food market. Other possibilities will be resident driven and could include a gardening club and produce swaps.

### Financing

The estimated total development cost is \$20,649,518. This cost is expected to be financed through an allocation of Low Income Housing Tax Credits, a loan from the Federal Home Loan Bank Affordable Housing Program. The identified sources of funds is estimated to be \$13,899,518, which will leave a subsidy gap of \$6,750,000. During the Exclusive Negotiating Agreement period, the development team will be seeking other funding sources to reduce the amount of the financing gap and funding amount to be requested from the Housing Authority. If a financial gap remains, staff will submit a request to the Housing Authority Board to approve funding the financial gap with City Housing Authority Funds.

### Proposed ENA Terms

Staff recommends that the Housing Authority approve a First Amendment to the Exclusive Negotiating Agreement (Attachment 3) with Wakeland to include a new mixed-use residential community and corner market at 1705, 1725 and the easterly portion of 1733 7<sup>th</sup> Street and amend the preliminary schedule. This amendment will allow Wakeland to hold community meetings with residents and community stakeholders to further refine the characteristics of the proposed community, complete necessary due diligence, and assemble a complete financial picture including identifying other funding sources. After Wakeland has conducted community meetings and has identified additional funding resources, staff will return to the City Council and Housing Authority Board to obtain authorization to enter into a Disposition and Development Agreement for the sale of the all Housing Authority-owned properties located at 1705, 1725 and 1733 7<sup>th</sup> Street and the development of the sites.

### **FISCAL IMPACT:**

There is no fiscal impact to the General Fund. As the funding gap is identified and refined through the Exclusive Negotiating Agreement process, the Developer will submit a request for funding from the City's Housing Authority to fill the project funding gap. This funding request will require Housing Authority Board approval at a later date.

Prepared by: Rafael Guzman, Community & Economic Development Director  
Certified as to  
availability of funds: Scott G. Miller, Interim Finance Director/Treasurer  
Approved by: Al Zelinka, FAICP, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

#### Attachments:

1. Location Map
2. Conceptual Site Plan & Elevations
3. First Amendment to the Exclusive Negotiating Agreement