



# City Council Memorandum

City of Arts & Innovation

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**TO: HONORABLE MAYOR AND CITY COUNCIL**                      **DATE: JUNE 19, 2018**

**FROM: OFFICE OF HOMELESS SOLUTIONS**                      **WARD: 4**

**SUBJECT: MEASURE Z - HOUSING FIRST – AGREEMENT FOR THE PAYMENT OF DEVELOPMENT IMPACT FEES FOR THE CONSTRUCTION OF HOUSING FIRST UNITS WITH THE GROVE COMMUNITY CHURCH FOR A PERIOD OF FIVE YEARS WITH THE GROVE COMMUNITY CHURCH – MEASURE Z FUNDS OF UP TO \$120,000**

**ISSUE:**

Approve an agreement for the payment of development impact fees for the construction of housing first units with The Grove Community Church to pay the cost of up to \$120,000 of development impact fees in connection with the development of four housing first units to provide housing for the homeless residents within the City for a period of five years, to be developed at the southwest corner of 19900 Grove Community Drive.

**RECOMMENDATIONS:**

That the City Council:

1. Approve an Agreement for the Payment of Development and Regional Impact Fees for the Construction of Transitional Housing with The Grove Community Church to pay the cost of up to \$120,000 of development and regional impact fees in connection with the development of four housing first units to provide housing for the homeless residents within the City for a period of five years; and
2. Authorize the City Manager, or his designee, to execute the Agreement for the Payment of Development and Regional Impact Fees for the Construction of Transitional Housing with The Grove Community Church, making minor corrections as necessary.

**BACKGROUND:**

The need for housing units in California has reached a well-reported crisis level. According to the California Association of Realtors, only twenty-nine percent of California households could afford to purchase the \$553,260 median-priced home in the second quarter of 2017, down from thirty-two percent in first-quarter 2017 and down from thirty-one percent in second-quarter 2016. Only thirty-eight percent of homebuyers in California were able to purchase the \$443,400 median-priced condo or townhome. An annual income of \$88,870 was required to make a monthly payment of \$2,220. In Riverside County, there were approximately 59,000 extremely low-income renter households in 2014, but only about 15,000 apartments to house them. The need for housing

impacts all socioeconomic levels, and City staff is responding by looking at new design and incentive tools to tackle the problem.

In response to the housing affordability crisis in Riverside, the Community & Economic Development Department and the Office of Homeless Solutions have been exploring new development tools and other measures that remove barriers to make housing more affordable. These efforts include exploring new building types that are applicable to Riverside neighborhoods and looking at targeted solutions to addressing the most pressing housing needs in Riverside (e.g., permanent supportive housing first units). The City has also included an expansion of zoning areas that can accommodate affordable housing projects “by right” in the City’s General Plan Housing element as a regulatory tool to address the housing affordability crisis.

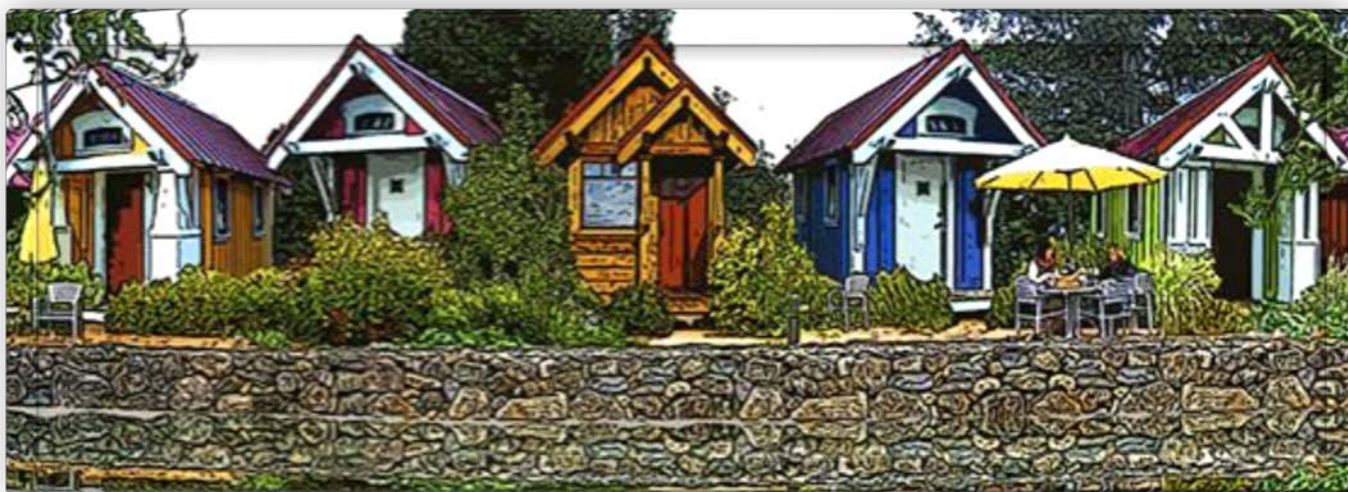
As part of the effort to explore new building types that are applicable in the Riverside context, the City has engaged in a dialogue with local churches regarding the potential of developing projects on church sites that could support Housing First units. Churches often have land inventories that they want to activate consistent with the mission of the church. Potential church projects would range in size from small cottages, otherwise referred to as tiny homes, as contemplated here, to potentially larger multifamily developments. However, development fees present a formative barrier to completing these projects. City staff has been specifically working with The Grove Community Church (The Grove) to explore the fee issue, and has been in receipt of a request from The Grove to provide a fee offset for the demonstration project.

**DISCUSSION:**

The Office of Homeless Solutions was approached by The Grove, located at 19900 Grove Community Drive, regarding the construction of four small cottages on its site as a demonstration project for a housing first development (“Project”). The Grove has a parcel of property on its main site in which to build four demonstration tiny homes (Attachment 2). The Grove is looking at this pilot project as a template that other churches and non-profits in Riverside can follow to construct similar projects.

Staff has been approached by one additional church who would like to emulate the Grove concept if and when it can be developed. Staff is interested in housing that is permanently installed on foundations.

The Project will produce four small self-contained homes including kitchens and sanitary facilities.



The Project will be arranged as a “village” designed around a central core as depicted below. The City believes that these homes have the potential to offer a design solution to issues like homeless, affordable units, and market rate housing that appeal to younger (and older) buyers.

The Grove approached the City regarding fee assistance to expedite this Project, as it will serve a low-income clientele, families and individuals who are homeless and in need of housing and supportive services. Once stably housed, these residents can graduate into permanent housing. The development impact fees in connection with the development of the Project total \$120,000.

The Grove is requesting funding assistance from the City in the amount of \$120,000 to assist with the development impact fees in connection with the Project as it will be a demonstration of a new building type and production of housing first units that could be replicated on other church properties. The Grove, the property owner, has agreed to restrict the four units for five years as housing first units that will assist persons experiencing homeless and only need assistance until permanent housing can be found. All social services required for the Project would be provided by The Grove on an as-needed basis.

The Grove has agreed to enter into the Agreement with the City to restrict the units for a period of five years. The proposed level of assistance is equal to \$30,000 per unit or \$6,000 per unit per year for the five year period.

The development proposal has received Planning Commission approval based on their application to amend their conditional use permit in order to establish four single-story detached transitional supportive housing cottages on an approximately 0.28-acre portion of the existing campus previously developed with two volleyball courts. The approved and amended conditional use permit allows this proposed use and restricts it as proposed for the life of such conditional use permit.

Prior Development Agreements

The proposed Project is on a site governed by a Development Agreement between The Grove and the City of Riverside dated November 26, 2003 and Amended August 13, 2015. The above Agreements allow for development that is consistent with The Grove’s purpose. Thus this Project is consistent with the Development Agreement, as amended.

The Community & Economic Development Director concurs.

**FISCAL IMPACT:**

There is \$120,000 available in the Measure Z Fund, Outreach Homeless Services Account No. 2855319-421000, to cover the Project development and regional impact fees. Fees will not be waived; as needed, fees covered by this agreement (up to \$120,000) will be recorded as an expense in the Measure Z account and as revenue in the applicable fee accounts.

Prepared by:	Emilio Ramirez, Office of Homeless Solutions Director
Certified as to availability of funds:	Adam Raymond, Chief Financial Officer/City Treasurer
Approved by:	Alexander T. Nguyen, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Agreement for the Payment of Development and Regional Impact Fees for the Construction of Transitional Housing
2. Site Map