



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 5, 2019

FROM: OFFICE OF HOMELESS SOLUTIONS WARD: 1 AND 2

SUBJECT: RESOLUTION AUTHORIZING THE SUBMISSION OF A JOINT APPLICATION WITH WAKELAND HOUSING AND DEVELOPMENT CORPORATION TO THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES FUNDING FOR MISSION HERITAGE PLAZA AND ASSOCIATED SUSTAINABLE TRANSPORTATION INFRASTRUCTURE PROJECTS

ISSUE:

Adopt a Resolution authorizing the submission of a joint application with Wakeland Housing and Development Corporation to the Department of Housing and Community Development for Affordable Housing and Sustainable Communities funding to benefit the development of Mission Heritage Plaza, a Housing Authority approved affordable housing development, and to support associated sustainable transportation infrastructure projects by the City in the Downtown and Eastside neighborhoods.

RECOMMENDATIONS:

That the City Council:

1. Adopt the attached Resolution authorizing the submission of a joint application with Wakeland Housing and Development Corporation to the Department of Housing and Community Development for Affordable Housing and Sustainable Communities Program funding for the Mission Heritage Plaza and associated sustainable transportation infrastructure projects in a total amount not to exceed Twenty Million Dollars (\$20,000,000)(\$14,000,000 for the AHSC Loan and \$6,000,000 for the AHSC Grant).
2. Authorize the City Manager, or his designee, to sign any documents that may be required for submittal of the Affordable Housing and Sustainable Communities application, including making minor corrections as necessary.

BACKGROUND:

On October 17, 2017, the Riverside Housing Authority (Authority) approved a tri-party Loan Agreement with Mission Heritage, LP (a partnership between Wakeland Mission Heritage LLC, for which Wakeland Housing and Development Corporation is the sole member and manager, and the Fair Housing Council of Riverside County)(hereafter "Developer") and the Fair Housing

Council of Riverside County for a predevelopment and development loan in the amount of \$3 million to finance land acquisition and construction of a 72-unit affordable housing project, combined with new office space for the Fair Housing Council of Riverside County and a new Civil Rights Institute. The project is to be located at 3901 and 3933 Mission Inn Avenue and 3942 6th Street, in Downtown Riverside. The Agreement states that the Authority will support the Developer in efforts to find funding sources for the Project.

Staff from the Authority, Public Works Transportation Division, Riverside Transit Agency, and Developer have recently been exploring the feasibility of seeking Affordable Housing and Sustainable Communities Program (Program) funds from the Strategic Growth Council for the Mission Heritage Project. The Program, created by the State in 2014, implements AB 32, the California Global Warming Solutions Act of 2006, by investing in projects that reduce Greenhouse Gas emissions by supporting more compact infill development patterns and integrating affordable housing with transportation infrastructure. Funding for the Program is provided by a portion of the State's greenhouse gas reduction funds.

On November 1, 2018, the Strategic Growth Council released a notice of funding availability for \$395 million for the 2018 application cycle, with applications due on February 11, 2019. The City would co-apply for this grant with Wakeland Housing and Development Corporation, as the City is the entity with legal authority to complete sustainable transportation infrastructure projects. In order for the Mission Heritage Plaza proposal to qualify as a joint application, a City resolution authorizing the Affordable Housing and Sustainable Communities application must be submitted as part of the full application package.

Applications are scored based on the estimated greenhouse gas reduction impacts and housing affordability of the proposed projects, among other factors. The Program requires that housing projects include a sustainable transportation infrastructure project in order to qualify for the program.

The transit projects discussed below will provide the residents of Mission Heritage Plaza and the surrounding neighborhood with safe pedestrian access to the new Downtown Main Library and a major traffic corridor along Mission Inn Avenue, and will be contingent upon an award of Program funds for the Mission Heritage Plaza project.

DISCUSSION:

The Affordable Housing and Sustainable Communities Grant is meant to fund a cohesive project package that links housing density and local transit with the goal of reducing localized greenhouse gas emissions. Funds for the Mission Heritage Plaza housing project will fulfill the obligation of the Developer under its current Loan Agreement with the Authority to seek available residential financing for the Project.

Wakeland Housing and Development Corporation and the City would jointly apply for the Program funds. The City must be a joint applicant for funds as it oversees rights of way and infrastructure planning, including sidewalks and bike lanes on local streets in the Project's sphere of influence that are critical to Affordable Housing and Sustainable Communities awards. The Program Guidelines state that a joint applicant will be "jointly and severally liable" for the completion of the project. However, the Program Guidelines allow the joint applicants to execute indemnification agreements to apportion and minimize the risk to the public agency.

The attached Resolution authorizes the submission of a joint application for Program funding in

an amount not to exceed \$20,000,000, of which \$14,000,000 is requested as a loan for an Affordable Housing Development and \$6,000,000 is requested for a grant for Housing-Related Infrastructure, Sustainable Transportation Infrastructure, Transit-Related Amenities, or Program activities. Although the City is a co-applicant for the entire Affordable Housing and Sustainable Communities application, the City will only be actively utilizing transit funds, and housing funds will be directly utilized by Wakeland Housing and Development Corporation (on behalf of Developer) as permanent financing for the Mission Heritage Plaza project.

Sustainable transportation infrastructure projects proposed for this grant include alley improvements and sharrows, bike striping and signage, installation of sidewalks on Dwight Avenue, and two additional bike share stations with locations be located at Lincoln Park and Cesar Chavez Community Center. These projects will be developed by the Developer (through Wakeland Housing and Development Corporation), who will provide construction design for improvements based on City specifications, and be contracted and managed by the City. Transportation Division staff has indicated this would be the preferred course, given the significant project workload that already exists for City departments. No City match is required for the sustainable transportation infrastructure project.

As the City will only be an active participant in developing the transit elements of the Affordable Housing and Sustainable Communities Grant Project, staff and Wakeland Housing and Development Corporation are drafting an agreement that specifies the duties of each entity as a way to define timelines and outcomes, and mitigate risk among the Affordable Housing and Sustainable Communities grant parties. City staff are utilizing several existing examples of Affordable Housing and Sustainable Communities partnership agreements between cities and developers to draft an agreement that would be presented to the City Council for consideration should the Program funds be awarded.

The Public Works Director concurs with the recommendations outlined in this report.

FISCAL IMPACT:

There is no fiscal impact resulting from this action. If the Affordable Housing and Sustainable Communities application is successful, it would provide new funding to Wakeland Housing and Development Corporation for the proposed transit improvements. Wakeland Housing and Development Corporation will be the recipient of all grant funding and there is no match required from the City. Repayment of the loan would be the responsibility of Wakeland Housing and Development Corporation. In the event of a Program award, staff will bring forth an agreement that would include other safeguards to protect the City in the event Wakeland Housing and Development Corporation defaults on the loan.

Prepared by:	Emilio Ramirez, Office of Homeless Solutions Director
Certified as to	
availability of funds:	Edward Enriquez, Chief Finance Officer/City Treasurer
Approved by:	Moises Lopez, Deputy City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	Resolution
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