



City of Arts & Innovation

Housing and Homelessness Committee Memorandum

**TO: HOUSING AND HOMELESSNESS
COMMITTEE MEMBERS**

DATE: JUNE 22, 2020

FROM: OFFICE OF HOMELESS SOLUTIONS

WARDS: ALL

SUBJECT: HOUSING AUTHORITY OVERVIEW

ISSUE:

Receive a report on the Riverside Housing Authority's mission, projects, and budget.

RECOMMENDATION:

That the Housing and Homelessness Committee receive and file the report on the Housing Authority's mission, projects and budget.

BACKGROUND:

On November 7, 2006 the City of Riverside established the Housing Authority (Authority) to provide affordable housing opportunities through a variety of mechanisms and programs. Among the powers, duties, and functions of the Authority are the ability to acquire, construct, finance, operate, rehabilitate, refinance or develop dwelling accommodations for persons of low or moderate income, including holding title to properties acquired pursuant to affordable housing projects and programs of the Authority.

On March 11, 2008 the Authority adopted an Implementation Strategy and Five-Year Strategy Plan for providing affordable housing opportunities that include the following three-pronged approach:

1. Preservation of existing affordable housing units through acquisition and rehabilitation.
2. Increase the supply of affordable housing units through new construction and rehabilitation of existing housing stock.
3. Provide homeownership opportunities through new construction and first-time homebuyer loan programs.

In 2012, former Governor Brown dissolved Redevelopment Agencies, which resulted in a loss of \$10.4 million annually to fund affordable housing projects and programs identified in the City's Implementation Strategy and Five-Year Plan. The Authority assumed all the functions performed

by the former Redevelopment Agency, including creating and maintaining affordable housing units, monitoring affordable housing units, and servicing loans made from the Low- and Moderate-Income Housing Fund.

On March 13, 2018 the City Council adopted the Housing First Plan to help guide the Authority over the next decade in the pursuit of getting homeless individuals into housing as quickly as possible and provide them with wraparound services. Specifically, the Housing First Plan¹:

1. Acts as the approved Plan to meet the requirements for forthcoming funding from the California Department of Housing and Community Development for Senate Bill 2: Building Homes and Jobs Act and ensures compliance with the core components of Housing First outlined in the Senate Bill 1380.
2. Provides policy guidance for operationalizing and evaluating the Housing First model in the City, including the humane and professional treatment of chronically homeless individuals.
3. Offers policy guidance to identify Housing First opportunities on the open market.
4. Established policy guidance for the development and financing of Housing First buildings across all wards within the City.
5. Identified 21 sites for Housing First developments within the City as shown in Attachment A.

The City's Office of Homeless Solutions, of which the Authority is a part, is responsible for overseeing the Housing First Plan and working with various City departments and community partners on its implementation.

DISCUSSION:

In Fiscal Year (FY) 2019/2020, the Authority budgeted 9.5 fulltime positions as shown in Attachment B. The Authority's annual operating budget is \$1,671,135, which is funded with Low- and Moderate-Income Housing loan proceeds. Currently, the Authority has sufficient loan proceeds to cover the Authority's annual operating costs until FY 2023/2024.

The Authority owns 94 affordable housing units in the City that are managed by the Riverside Housing Development Corporation, of which 14 units are designated as Housing First units. On an annual basis, Authority staff monitors 15% of all the affordable housing units (1,770) in the City that have received some form of financial assistance from the City or Authority to create or maintain affordable housing units. This monitoring requires the full-time work of two staff members for approximately one quarter of the year.

To further the Authority's goal of increasing affordable housing, staff is working to facilitate the development of 534 housing units as shown below with project updates listed in Attachment C.

¹ Housing First Plan:

<https://www.riversideca.gov/sites/default/files/ohs/pdf/Housing%20First%20Plan%20CC%20Approval.pdf>

PROJECT	WARD NO.	DEVELOPER/ PARTNERSHIP	TOTAL UNITS	PSH UNITS
3943 10th Street	1	Riverside Housing Development Corporation	6	6
Mulberry	1	Habitat for Humanity	10	10
3rd and Fairmount	1	Innovative Housing Opportunities	32	32
Mission Heritage	1	Wakeland Housing & Community Development	72	11
Entrada	2	Wakeland Housing & Community Development	65	8
Crest	2	Crest Community Church	10	10
2550 14th Street	2	Path of Life Ministries	2	2
Oasis Senior Villas	2	A Community of Friends	95	46
St. Michaels	5	St. Michaels Church / Mercy House	50	24
3753 Myers	5	Habitat for Humanity	4 (affordable homeownership)	0
Cedar Glen II	6	Palm Communities	50	24
4350 La Sierra Avenue	6	National Community Renaissance	34 (7 affordable homeownership)	0
11502 Anacapa	7	Northtown Housing Development Corporation	2	0
Pierce/Golden	7	National Core / La Sierra University Church	80	34
Bushnell/Bogart	7	Neighborhood Partners Housing Services	22	22
TOTAL			534	229

Of the 534 units, 43% will be reserved for Permanent Supportive Housing to help persons experiencing homelessness with obtaining housing coupled with case management and supportive services, as needed, to achieve housing stability and self-sufficiency.

For the larger projects listed above (50+ units), the Authority usually provides a 3% interest residual receipt loan in the range of \$2-3 million with a land write down if the land is owned by the Authority, in order to facilitate the development of affordable housing. Current large project development costs now are in the \$25-35 million range, with the Authority enjoying an 8-10 times investment synergy match for funds invested.

There are a total of 3,440 affordable housing units in the City that have affordability requirements due to the type of financing that was obtained to develop the housing units. The table below provides an outline of these housing units by Ward.

WARD	EXISTING AFFORDABLE HOUSING UNITS	%	PROPOSED HOUSING UNITS	TOTAL AFFORDABLE HOUSING UNITS	%
1	699	20%	120	819	21%
2	401	12%	172	583	15%
3	371	11%	0	371	9%
4	391	11%	0	391	10%
5	642	19%	50	692	18%
6	817	24%	50	867	22%
7	119	3%	104	223	6%
TOTAL	3,440	100%	496	3,946	100%

LOVE YOUR NEIGHBOR INITIATIVE

The Love Your Neighbor Initiative was created by the Mayor's Office to build on the success of ending veteran homelessness in our city. The Mayor called upon faith leaders to work collaboratively to address homelessness through the following avenues:

1. Giving (Monetary donations)
2. Assets (Land or housing)
3. Partnerships (High-skilled and trained volunteers to provide outreach to the community)

Through this initiative, faith leaders have contributed towards the growing need for affordable housing and resources for the homeless. The affordable housing developments that are coming to fruition through this initiative are identified in Attachment A.

GRANT PROGRAMS

The City has five ongoing grant funding streams that continue to assist with creating affordable housing. Depending on the annual federal budget, these funding sources may be reduced or increased. The table below provides an overview of these grant programs.

PROGRAM	FUNDING ALLOCATION	ELIGIBLE USES	REGULATIONS
HOME Investment Partnerships (HOME) Program	<p>\$1,134,945 (FY2019/20)</p> <ol style="list-style-type: none"> 1. Bushnell/Bogart, development of 30 affordable housing units: \$631,019 2. Oasis Senior Apartments, development of 95 senior affordable housing units: \$190,431 3. Tenant-Based Rental Assistance Program: \$200,000 4. Administration: \$113,495 	<ul style="list-style-type: none"> - 10% for Administration costs - Development of affordable housing - Tenant-Based Rental Assistance 	<ul style="list-style-type: none"> - 15 set-aside for Community Housing Development Organizations (CHDO), waived for FY 2017 – FY 2020 - Match requirement of 25% of each dollar of HOME funds spent on affordable housing - Expenditure deadline: 4 years
Emergency Solutions Grant	<p>\$278,459 (FY2019/20)</p> <ol style="list-style-type: none"> 1. Homeless Management Information System (HMIS): \$14,000 2. Administration: \$20,884 3. Riverside Year-Round Emergency Shelter: \$145,000 4. Rapid Re-Housing Program: \$85,575 5. Outreach: \$13,000 	<ul style="list-style-type: none"> - 7.5% for Administration costs - Outreach - Shelter operations and essential services - Rapid Re-Housing - Homeless Prevention - HMIS 	<ul style="list-style-type: none"> - 100% Match requirement on each dollar spent of ESG fund spent - Expenditure deadline: 2 years

<p>Senate Bill 2 Permanent Local Housing Allocation (PLHA)</p>	<p>\$1,622,125 (FY2020/21)</p> <p>Application deadline: July 27, 2020. Requires submission of a five- year plan.</p> <p>Year One Recommendation:</p> <ul style="list-style-type: none"> - Golden/Pierce affordable housing: \$1 million - 3rd/Fairmount Youth Affordable Housing project: \$458,981 	<ul style="list-style-type: none"> - Creation of affordable housing for rental and homeownership (includes ADUs) - Capitalized reserves for services connected to the preservation and creation of new permanent supportive housing. - Rental assistance - Operating and capital costs for navigation centers and emergency shelters - Development and preservation of permanent and transitional housing - Accessibility modifications in low income owner-occupied housing - Down payment assistance 	<p>Surcharge on document applicable land transfer document of \$75 per document, per land parcel, cap of \$225 per transaction</p>
<p>Continuum of Care Disabled Permanent Supportive Housing (PSH) Grant</p>	<p>\$125,395</p>	<ul style="list-style-type: none"> - Operation costs of the PSH units - Supportive services - Administration (\$26,000 for case manager) 	<p>8 PSH Units</p> <ul style="list-style-type: none"> - 5 one bedroom units - 3 two bedroom units for families

Continuum of Care Chronically Homeless PSH Grant	\$122,156	<ul style="list-style-type: none"> - Operation costs of the PSH units - Supportive services - Administration (\$26,000 for case manager) 	8 PSH Units (all one bedroom units)
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AFFORDABLE HOUSING PROGRAMS

The table below summarizes the list of affordable housing programs offered by the City.

PROGRAMS	FUNDING AMOUNT	FUNDING SOURCE FY 2019/20	PROGRAM INFORMATION
Housing Rehabilitation Program	\$150,000	Community Development Block Grant (CDBG)	Provide up to \$5,000 grants to address health and safety issues on low income owner occupied properties
Rental Assistance Programs	FY 2019/20 1. \$370,000 2. \$85,575 3. \$200,000	1. Homeless Housing, Assistance and Prevention (HHAP) 2. ESG 3. HOME	Provide up to 12 months of rental assistance for persons experiencing homelessness coupled with case management
Landlord Incentive Program	\$50,000	Measure Z	1. \$500 participation incentive to landlords renting to City TBRA and RRH program participants. 2. Up to one month's rent to help landlords cover expenses upon move out. 3. \$50 application assistance. 4. Provide up to two months for security deposit. 5. Case manager to assist with tenant concerns and help client achieve self-sufficiency.

ANTICIPATED 6th CYCLE OF REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)

For the 6th Cycle RHNA, the regional housing need determination for the SCAG region totals 1,344,740 units. The 6th Cycle RHNA allocation for the City is estimated at 18,419 units, of which 7,906 units must be restricted to very low to low income households, and 3,133 units to moderate income households. The table below provides a breakdown by income level.

6th RHNA Cycle (March 20, 2020)

Income Level	Units	Percent
Very-low income (under 50% AMI)	4,849	26.3%
Low income (50-80% AMI)	3,057	16.6%
Moderate income (80-120% AMI)	3,133	17.0%
Above moderate income (120% + AMI)	7,379	40.1%
6th CYCLE ESTIMATE TOTAL		18,419
5th CYCLE CARRYOVER		5,816
TOTAL REQUIRED (PRODUCTION)		24,235

As part of the General Plan Update to be undertaken by the City, the Housing Element will be updated to identify strategies and additional sites to accommodate the housing allocated in the 6th Cycle RHNA.

AFFORDABLE HOUSING RESOURCE TOOLS

Everyone needs housing they can afford, and a well-functioning housing market ought to be able to provide appropriate options for people of all income levels. The inability of the market to supply safe and affordable housing options for lower-income households due to the high costs of constructing and operating housing is the reason why government involvement is needed.

To meet the growing need for diverse housing options in the City and housing needs in the 5th and 6th Cycle RHNA, the City needs several housing strategies that could potentially be developed using the following affordable housing resource tools:

PROGRAM	DESCRIPTION
Inclusionary Housing	<p>Create diverse mixed-income communities by requiring each new residential development make a certain percentage of the housing units affordable to targeted incomes. It often lets developers build more units through a density bonus along with other incentives to help the program operate better.</p> <p>In May 2020, the City received a Local Early Action Planning (LEAP) grant to conduct a preliminary study of inclusionary housing and consider options for implementations.</p>
Community Revitalization and Investment Authorities (CRIA)	California State Assembly Bill 2 was adopted in 2015 that allows for the formation of CRIAs to revitalize disadvantaged communities through planning and financing infrastructure improvements and upgrades; economic development activities; and affordable housing via tax increment. Tax increment is property

	tax revenue generated above an established base year value. A minimum of 25% of tax increment must be set aside for affordable housing.
Commercial linkage fees	Fees imposed on commercial construction based on the need for additional workforce housing that the construction will generate.
Planning and land use policy changes	Revising ordinances to allow increased density, reduced parking requirements or other less restrictive standards. Revising zoning ordinances to create zones with incentives for affordable housing development.
Community Benefits Agreements	Negotiated linkage agreements between projects receiving direct City subsidies and provided benefits for directly adjacent neighborhoods.

Staff looks forward to working with the Housing and Homelessness Committee to consider any of the aforementioned options needed to create resources to assist in the creation of affordable housing units.

FISCAL IMPACT:

There is no fiscal impact related to this report. Projects requests and/or funding allocations needed for specific projects would be brought back to the City Council/Housing Authority at appropriate times for approval.

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 availability of funds: Edward Enriquez, Chief Finance Officer/City Treasurer
 Approved by: Moises Lopez, Deputy City Manager
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Attachments:

- A. Housing First Development Sites
- B. Housing Authority Budgeted Positions
- C. Affordable Housing Project Updates
- D. Presentation