



City Council Memorandum

Housing Authority Memorandum

City of Arts & Innovation

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TO: HONORABLE MAYOR, CITY COUNCIL, AND HOUSING AUTHORITY BOARD **DATE: OCTOBER 27, 2020**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 7**

SUBJECT: PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENT IN THE AMOUNT OF \$1,000,000 AND A HOUSING AUTHORITY LOAN AGREEMENT IN THE AMOUNT OF \$1,000,000 WITH GOLDEN PIERCE HOUSING PARTNERS L.P. TO CONSTRUCT VISTA DE LA SIERRA, A PROPOSED 80-UNIT AFFORDABLE HOUSING PROJECT LOCATED AT 11253 PIERCE STREET – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve a Permanent Local Housing Allocation Loan Agreement in the amount of \$1,000,000 and a Housing Authority Loan Agreement in the amount of \$1,000,000 with Golden Pierce Housing Partners L.P. to facilitate development of Vista de La Sierra, a proposed 80-unit affordable housing project being proposed at 11253 Pierce Street in the La Sierra Neighborhood.

RECOMMENDATIONS:

That the City Council:

1. Approve a Permanent Local Housing Allocation Loan Agreement with Golden Pierce Housing Partners L.P. in the amount of \$1,000,000 to facilitate development of a proposed 80-unit affordable housing project being proposed at 11253 Pierce Street; and
2. Authorize the City Manager, or his designee, to execute the Permanent Local Housing Allocation Loan Agreement with Golden Pierce Housing Partners L.P. after the Permanent Local Housing Allocation Standard Agreement has been executed with the State of California, including making minor and non-substantive changes as necessary to the Loan Agreement.

That the Housing Authority:

1. Approve a Housing Authority Loan Agreement with Golden Pierce Housing Partners L.P. in the amount of \$1,000,000 to facilitate development of a proposed 80-unit affordable housing project at 11253 Pierce Street;
2. Authorize the Executive Director, or his designee, to execute the Housing Authority Loan Agreement with Golden Pierce Housing Partners L.P., including making minor and non-substantive changes as necessary; and

3. Authorize a supplemental appropriation of \$1,000,000 from the Housing Authority Fund Balance Account Number No. 0000280-298000 to a project account to be established by Finance under the Housing Authority 280 Fund.

BACKGROUND:

On June 4, 2019, National Community Renaissance (CORE) submitted an over-the-counter funding request to the Housing Authority for predevelopment and construction costs related to the development of Vista de la Sierra, an 80-unit affordable housing development project located at 11253 Pierce Street in Ward 7. The site is part of property owned by the Pacific Union Conference of Seventh-Day Adventists. The proposed project represents an innovative church/developer partnership that will create an anchor project for the surrounding neighborhood, and is in furtherance of the City’s approved Housing First Plan, which calls for the creation of almost 400 units of very low-income housing over a 10- year period.

All entitlements for the Vista de la Sierra Project have been approved. National CORE entered into a Disposition and Development Agreement with the Pacific Union Conference of Seventh-Day Adventists on May 31, 2019 and has completed significant site design work that has produced the elevations and site planning contained in this staff report (Attachment 1 and 2).

On December 17, 2019, the City of Riverside adopted Resolution No. 23527 in support of the project. In approving the Resolution, the City Council approved the proposed project in concept.

The Love Your Neighbor Program

The proposed project came to fruition as a result of the Mayor’s Love Your Neighbor Program (Initiative). Stemming from the City’s efforts to functionally end veteran homelessness in 2014, this Initiative set a goal of reaching a “functional zero” for all homeless individuals in Riverside by 2025 (e.g., having enough resources available to help every individual or family exit homelessness and those that may potentially fall into homelessness). Through the Mayor’s outreach effort, the Initiative seeks to increase local giving, expand the available housing stock, and create highly trained volunteers in order to address homelessness in Riverside by actively engaging with faith-based organizations. The Mayor has encouraged the faith-based community to collaborate with the City and developers to create new affordable housing opportunities and to activate often underutilized land inventories.

DISCUSSION:

The proposed project will include case management and supportive services provided by Mercy House, an experienced social service provider to assist clients with achieving housing stability, self-sufficiency and graduating into permanent housing. As proposed, 79 units will be rented to persons or families earning at-or-below 60% of the Area Median Income (or \$45,180 for a family of four in 2020) and will be affordable for 55 years. The Project would also have one unrestricted managers unit.

The proposed sources and uses of funds are as follows, although it is expected that these estimates and sources of funds may change as the project continues in its development cycle:

Uses of Funds	Cost:
Acquisition/Closing Costs	\$ 1,250,000

Architectural	\$ 3,430,000
Construction Costs	\$28,224,801
Indirect Construction/Legal	\$ 510,000
Developer Fee	\$ 2,200,000
Rent Up/Reserves	\$ 1,134,624
Financing Costs	\$ 2,513,191
Total Development Costs	\$39,262,616

The Development cost is expected to be financed through the following funding sources:

Sources of Funds	Funding Amount:
Permanent Loans	\$ 5,054,234
Tax Credit Equity	\$23,521,609
City of Riverside	\$ 1,000,000
Housing Authority of the City of Riverside	\$ 1,000,000
State Housing Funds (AHP, MHP)	\$ 1,185,000
No Place Like Home Funds	\$ 7,412,680
Deferred Developer Equity	\$ 89,093
Total Sources of Funds	\$39,262,616

On July 7, 2020 the City Council approved an application in the amount of \$1,622,125 to the State of California Permanent Local Housing Allocation (PLHA) Program, a pass-through allocation of local land transfer fees to cities to facilitate affordable housing development under Senate Bill 2. The City of Riverside, as a federal entitlement city, will be allocated PLHA funding over the next five years and is awaiting an award letter and Standard Agreement. As such, the Housing Authority Loan Agreement (Attachment 3) would be executed immediately as these funds are available, but execution of the PLHA Loan Agreement (Attachment 4) would be delayed until the PLHA Standard agreement has been executed.

Public Outreach:

On November 21, 2019 a public meeting was held at the La Sierra Senior Center to provide information and answer any questions residents had on the proposed project. The project was also included in the City's Housing First Plan, approved on March 13, 2018, and was subject to considerable public outreach.

FISCAL IMPACT:

Funding for the Housing Authority Loan Agreement is available in the Housing Authority Fund Balance Account Number No. 0000280-298000. Funding for the PLHA Loan Agreement was approved by City Council on July 7, 2020 (Attachment 5) and will be available in Development Grants Fund account 9342000-440210 upon receipt of the PLHA Program grant award from the State of California.

Prepared by: Michelle Davis, Housing Authority Manager
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
 Approved by: Moises Lopez, Deputy City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Architectural Elevation
2. Site Schematic
3. Permanent Local Housing Allocation Loan Agreement
4. Housing Authority Loan Agreement
5. Council Report – July 7, 2020