



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 1, 2021**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT **WARDS: ALL**

SUBJECT: PROPOSED ADOPTION OF THE CITY OF RIVERSIDE ANNUAL ACTION PLAN FOR THE USE OF FEDERAL ENTITLEMENT FUNDING FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FOR PROGRAM YEAR 2021-2022- FUNDS TRANSFER AND SUPPLEMENTAL APPROPRIATION

ISSUE:

Adopt the 2021-2022 Annual Action Plan for the use of federal entitlement funding from the United States Department of Housing and Urban Development.

RECOMMENDATIONS:

That the City Council:

1. Conduct the Public Hearing;
2. Adopt the 2021-2022 Annual Action Plan for expenditure of Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program funds in the total amount of \$8,273,173;
3. Authorize City staff to make any necessary changes to funding recommendations for potentially funded Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS, and HOME Investment Partnerships Program sub-recipients when a final allocation amount is received and finalize the 2021-2022 Annual Action Plan for submittal to the United States Department of Housing and Urban Development;
4. Authorize the City Manager or his designee to execute the United States Department of Housing and Urban Development grant agreements for the Community Development Block Grant, Emergency Solutions Grant, Housing Opportunities for Persons with AIDS and HOME Investment Partnerships programs and the agreements with the City's grantees as identified in the 2021-2022 Annual Action Plan; and
5. With at least five affirmative votes, authorize the estimated appropriation of funds for City Departments receiving funding to the appropriate accounts established by the Finance Department.

BACKGROUND:

As a designated entitlement jurisdiction, the City receives federal funding to support projects and programs that provide decent and affordable housing, sustain suitable living environments, and expand economic opportunities for low- and moderate-income persons. The City is required to develop an Annual Action Plan for the use of these funds, which serves as the means to meet the application and submission requirements for four entitlement programs including Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), and HOME Investment Partnerships Program (HOME). Upon City Council approval of the DRAFT 2021-2022 HUD Annual Action Plan, the plan will be finalized. The Annual Action Plan (Plan) must be submitted to the United States Department of Housing and Urban Development (HUD) no later than August 16, 2021.

DISCUSSION:

The City's fiscal year (FY) 2021-2022 HUD allocations for these formula programs as well as the proposed activities to be funded are as follows:

Community Development Block Grant (CDBG) - \$3,198,814

In the draft Plan, the City is using the FY 2021-2022 CDBG funding allocation of \$3,198,814. Activities eligible for funding under the CDBG program include acquisition of real property, construction, rehabilitation or improvements to public facilities, housing-related services and activities, economic development, public services, and program planning and administration. Eligible activities are required to meet a CDBG program national objective, which include: 1) assist low- and moderate-income persons; 2) aid in the prevention or elimination of slum or blight; and 3) meet urgent community needs. Projects proposed for CDBG funding in FY 2021-2022 are listed in Attachment 1.

CDBG Project Recommendations	\$2,559,051.20
City Program Administration (20% cap)	\$639,762.80
Total	\$3,198,814

Emergency Solutions Grant (ESG) - \$271,229

In the draft Plan, the City is using the FY 2021-2022 ESG funding allocation of \$271,229. Activities eligible for funding under the ESG program include support for the operations and provision of essential homeless services including street outreach, emergency shelter, and rapid re-housing activities. No more than 60% of the City's ESG grant allocation can be used to fund shelter and outreach services.

Funding recommendations for FY 2021-2022 ESG allocation are as follows:

Year-Round Emergency Shelter	\$162,000.00
Rapid Re-Housing Program	\$88,886.82
City Program Administration (7.5% cap)	\$20,342.18
Total	\$271,229.00

Housing Opportunities for Persons with AIDS (HOPWA) - \$3,606,878

In the draft Plan, the City is using the FY 2021-2022 HOPWA funding allocation of \$3,606,878. The City has been designated by HUD as the eligible metropolitan service area (EMSA) grantee to administer the HOPWA funding for both Riverside and San Bernardino counties. HOPWA funds may be used for housing projects, rental subsidies, mortgage and utility payments, supportive services, and program administration. Funding recommendations for the FY 2021-2022 HOPWA allocation are as follows: \$1,819,309 to the Housing Authority of the County of Riverside to serve as a Project Sponsor for services activities provided in Riverside County; \$1,679,363 to Foothill AIDS Project for service activities provided in San Bernardino County; and \$108,206 for program administration.

HOME Investment Partnerships Program (HOME) - \$1,196,252

In the draft Plan, the City is using the FY 2021-2022 HOME funding allocation of \$1,196,252. The HOME Program goal is to preserve and increase the supply of decent, safe, and sanitary affordable rental and owner-occupied housing for persons at 80% or below the Riverside County area median household income.

HOME Funding will be distributed as follows:

Acquisition and rehabilitation of multi-family properties and Infill Residential Development Program	\$1,076,626.80
City Program Administration (10% cap)	\$119,625.20
Total	\$1,196,252.00

The City anticipates receiving \$291,881.28 in program income. These funds may be used to fund the Infill Residential Development Program and Tenant-Based Rental Assistance Program.

Citizen Participation

The City has an annual requirement to include citizen participation and community input on the use of these funds prior to submitting the Annual Action Plan to HUD. This year, the community input process included Virtual Community Ward Meetings; one in each Ward. A post card survey was also mailed Citywide and made available on the City website. A public notice of funding availability was released in December 2020, a 30-day public comment period on the draft of the 2021-2022 Action Plan from May 1 to May 31, 2021, and the subject public hearing (noticed for June 1, 2021) to receive public comment on the proposed Annual Action Plan.

FISCAL IMPACT:

The fiscal impact of this recommendation is \$8,226,719. The anticipated funding is included in the City's FY 2021-22 budget draft and will be appropriated with the adoption of the budget by the City Council.

Prepared by:	David Welch, Community & Economic Development Director
Certified as to availability of funds:	Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Kristi J. Smith, Interim City Attorney

Attachments:

1. CDBG Project Funding Recommendations 2021-2022
2. 2021-2022 HUD Annual Action Plan DRAFT
3. Presentation