



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 21, 2021

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: 1 & 2
DEPARTMENT

SUBJECT: PROPOSED AMENDMENT TO THE CITY OF RIVERSIDE 2020-2021 UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) ANNUAL ACTION PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM TO CANCEL THE 3943 10TH STREET HOUSING REHABILITATION PROJECT AND REALLOCATE \$775,000 OF CDBG FUNDING TO THE HOUSING REHABILITATION PROJECTS LOCATED AT 4292 CEDAR STREET AND 2348 UNIVERSITY AVENUE

ISSUE:

Approve an amendment to the 2020-2021 HUD Annual Action Plan to cancel the 3943 10th Street Housing Rehabilitation project and reallocate \$775,000 of CDBG funding to the housing rehabilitation projects at 4292 Cedar Street (\$471,000) and 2348 University Avenue (\$300,000) and \$4,000 to the CDBG Unprogrammed Account.

RECOMMENDATIONS:

That the City Council:

1. Authorize an amendment to the 2021-2022 HUD Annual Action Plan to cancel the 3943 10th Street Rehabilitation for 6-Unit Apartments Project and reallocate \$775,000 of CDBG funding to the housing rehabilitation projects located at 4292 Cedar Street (\$471,000) and 2348 University Avenue (\$300,000) and \$4,000 to the CDBG Unprogrammed Account;
2. With at least five affirmative votes, authorize a supplemental appropriation in the amount of \$300,000 to the Grants and Special Programs Fund 2348 University Avenue Rehabilitation project accounts; and
3. Authorize the City Manager, or his designee, to execute a Memorandum of Understanding (MOU) for the 4292 Cedar Street and 2348 University Avenue rehabilitation projects with the Office of Homeless Solutions following approval of proposed amendment and projects, including making minor non-substantive changes, and to sign all documents and instruments necessary to implement this action.

LEGISLATIVE HISTORY:

24 CFR 91.220 (b) - Action Plan, a summary of the actions, activities, and specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by a 5-year Consolidated Plan that allocates federal antipoverty resources based on

local development data that forms a long-term plan for use of the funding. The Action Plan must be amended in a publicly accessible process when major changes are made to funded projects.

BACKGROUND:

On June 2, 2020, the City Council adopted the 2020-2021 HUD Annual Action Plan and authorized the appropriation of CDBG funds in the amount of \$775,000 for the rehabilitation of a Housing Authority-owned six-unit apartment complex in Ward 1 located at 3943 10th Street.

On June 2, 2020, the City Council adopted the 2020-2024 Citizen Participation Plan. Under the Citizen Participation Plan, any CDBG project amendments of more than 10% of the original project allocation or significant changes to the scope of work, including project cancelation or the creation of new projects, must be presented as a Substantial Amendment to the HUD Annual Action Plan for the respective year. The proposed amendment to this Annual Action Plan will cancel the 10th Street Rehabilitation for 6-Unit Apartments Project and reallocate the funding to two other housing rehabilitation projects.

DISCUSSION:

The Office of Homeless Solutions was awarded State CARES Act funding which was applied to the project located at 3943 10th Street. The CARES Act funding was sufficient to complete the proposed improvements to that building.

Current Project

Project	Allocation	Proposed Units	Ward
3943 10th Street Rehabilitation	\$ 775,000.00	6	1

Therefore, staff is requesting to cancel the 3943 10th Street Housing Rehabilitation Project and reallocate the funds to the following activities:

Proposed Projects

Project	Allocation	Proposed Units	Ward
4292 Cedar Street Housing Rehabilitation (Riverside Housing Development Corporation will be acquiring the property.)	\$ 471,000.00	3	1
2348 University Avenue Housing Rehabilitation (Housing Authority-owned)	\$ 300,000.00	2	2
Total	\$ 771,000.00	5	

The Housing Authority will place 55-year affordability covenants on both properties to ensure they remain affordable to low-income households earning at or below 80% of area median income.

A public notice was issued announcing the proposed amendment to the 2020-2021 HUD Annual Action Plan and a 30-day public comment period was provided in compliance with HUD regulations. The original notice was published in the Press Enterprise on August 21, 2021 and included the date this action would be considered by the City Council.

The City of Riverside Housing Authority Manager concurs with the recommendations of this report.

STRATEGIC PLAN ALIGNMENT:

The City of Riverside 2021-2022 United States Department of Housing and Urban Development (HUD) Annual Action Plan for the CDBG Program aligns with Strategic Priority 2 - Community Well-Being and contributes to the achievement of the following goal:

Goal 2.1. Facilitate the development of a quality and diverse housing supply that is available and affordable to a wide range of income levels.

The City of Riverside 2021-2022 United States Department of Housing and Urban Development (HUD) Annual Action Plan for the Community Development Block Grant (CDBG) Program aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The City of Riverside has identified eight priority development areas to meet the greatest needs of residents in the City. Priorities are based on responses to the 2020-2021 Community Survey conducted by the City through Community Ward Meetings, Post Card Surveys, and online. The information was gathered in specific focus groups and interviews with various organizations and service providers in the housing and community development field.
2. **Equity** – Pursuant to the Housing Community Act of 1974, the U.S. Department of HUD provides critical priority for the funding to ensure all eligible persons receive equitable access to services and are served with dignity, respect, and compassion regardless of the circumstances, ability, or identity.
3. **Fiscal Responsibility** – There is no fiscal impact to the City General Fund associated with this item. This item allows the City to utilize unused CDBG funds toward the rehabilitation of a Housing Authority-owned duplex and the acquisition and rehabilitation of three housing units for low-income households that will create economic stability for low-income City residents.
4. **Innovation** – This item will allow the City to capitalize on new and changing funding sources in partnership with federal and state programs to meet ongoing and changing needs of low-to moderate income members of the community.
5. **Sustainability & Resiliency** – The HUD Annual Action Plan describes the specific actions that will be undertaken using HUD entitlement funds to promote sustainable community and economic development and projects to encourage community engagement and resiliency.

FISCAL IMPACT:

There is no fiscal impact with this action. Funds have previously been budgeted and appropriated and are being moved to different projects. CDBG funds totaling \$775,000 have been appropriated to this project and are available in account number 9272900-440120 which will be transferred to the CDBG Unprogrammed Funds Account number 2835100-453001, and a total of \$771,000 will be recorded in CDBG and Grants & Special Program Funds to the 4292 Cedar Street and 2348 University Avenue project accounts as outlined in the table below.

Source	Account	Amount
<u>CDBG Program Fund</u>		
3943 10th Street Rehabilitation	9272900-440120	(\$775,000)
CDBG Unprogrammed Funds Account	2835100-453001	\$775,000
4292 Cedar Street Rehabilitation	9274900-440120	\$471,000
2348 University Avenue Rehabilitation	9275000-440120	\$300,000
<u>Grants & Special Program Fund</u>		
2348 University Avenue Rehabilitation	9275100-440120	\$300,000
2348 University Avenue Rehabilitation	9275100-895220	(\$300,000)

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: Phaedra A. Norton, City Attorney

Attachment: Presentation