



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: AUGUST 19, 2025**

**FROM: HOUSING AND HUMAN SERVICES** **WARD: 2**

**SUBJECT: SUBRECIPIENT AGREEMENTS WITH MERCY HOUSE LIVING CENTERS FOR THE PERMANENT LOCAL HOUSING ALLOCATION GRANT OF \$1,664,757.60 EFFECTIVE THROUGH MAY 31, 2026 AND THE HOMELESS HOUSING, ASSISTANCE AND PREVENTION PROGRAM ROUND 4 GRANT FOR \$280,243.86 EFFECTIVE THROUGH JUNE 30, 2026 FOR THE OPERATIONS OF THE BRIDGE HOUSING PROGRAM, A 23 BED NON-CONGREGATE SHELTER LOCATED AT 2881 HULEN PLACE**

## **ISSUE:**

Approve Subrecipient Agreements with Mercy House Living Centers for the Permanent Local Housing Allocation grant of \$1,664,757.60 effective through May 31, 2026 and the Homeless Housing, Assistance, and Prevention Program Round 4 grant of \$280,243.86 effective through June 30, 2026 for the operations of the Bridge Housing Program, a 23 bed non-congregate shelter located at 2881 Hulen Place.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve a Subrecipient Agreement for the Permanent Local Housing Allocation Grant with Mercy House Living Center for the operations of the Bridge Housing Program, a 23 bed non-congregate shelter located at 2881 Hulen Place for an amount not to exceed \$1,664,757.60 effective through May 31, 2026;
2. Approve a Subrecipient Agreement for the Homeless Housing, Assistance, and Prevention Grant with Mercy House Living Center for the operations of the Bridge Housing Program for an amount not to exceed \$280,243.86 effective through June 30, 2026, with the option to extend for one additional one-year term; and
3. Authorize the City Manager, or designee, to execute the Subrecipient Agreements with Mercy House Living Centers for the operations of the Bridge Housing Program, including making minor and non-substantive changes.

## **BACKGROUND:**

On October 13, 2013, the City of Riverside acquired 2881 Hulen Place, a 4,568 square foot commercial/industrial building situated on an 11,326 square foot lot, for \$420,000 using Community Development Block Grant (CDBG) funds to add homeless services to the Hulen

## Homeless Service Campus.

On August 19, 2019, the Office of Homeless Solutions released a Request for Management Proposals for the management of a 23-bed bridge housing facility located at 2881 Hulen Place. The Office of Homeless Solutions received two (2) responses, which were deemed responsive. An evaluation committee consisting of three (3) members evaluated the responses based upon approach, methodology, pricing, qualifications, experience with projects of similar size and scope, and professional references, the City deemed Mercy House Living Centers (Mercy House) as the most qualified responsible proposer, with the highest score of 85.67.

In 2021, 2881 Hulen Place was rehabilitated for the Bridge Housing Program, a 23 bed non-congregate shelter. The total cost to rehabilitate the property was \$1,504,832 using the following funding sources.

| <b>Funding Source</b>                                     | <b>Amount</b>      |
|---|--------------------|
| County of Riverside Homeless Emergency Aid Program (HEAP) | \$ 903,902         |
| HHAP Round 1  | \$ 250,930         |
| CDBG  | \$ 350,000         |
| <b>Total</b>  | <b>\$1,504,832</b> |

The City entered into the following Subrecipient Agreements for the operation of the Bridge Housing Program.

| <b>Execution Date</b> | <b>Funding Source</b>  | <b>Term</b>                     | <b>Amount</b>  |
|-----------------------|--|---------------------------------|----------------|
| March 29, 2022        | U.S. Department of Housing and Urban Development 2019-2020 Emergency Solutions Grant – Cares Act (ESG-CV) Round 2. | February 1, 2022 – May 31, 2023 | \$ 1,242,118   |
| June 23, 2023         | HHAP Round 2   | June 1, 2023 to March 31, 2024  | \$ 876,608.52  |
| July 10, 2024         | HHAP Round 3   | March 1, 2024 – March 31, 2025  | \$1,595,452.48 |

From February 1, 2022 to May 31, 2024, Mercy House was able to assist 146 individuals with bridge housing coupled with case management. Of the 146, 33 (23%) individuals exited to permanent housing, 5 (3%) exited to temporary housing, and 2 (1%) exited to an institution.

From June 1, 2024 to March 31, 2025, Mercy House was able to assist 100 individuals with bridge housing coupled with case management. Of the 76 exits, 24 (32%) individuals exited to permanent housing. Bridge housing guests are successful in exiting to permanent housing when rental assistance or shared housing opportunities are available.

## **DISCUSSION:**

Staff is requesting City Council to consider Subrecipient Agreements with Mercy House Living Centers to provide \$1,664,757.60 of State Permanent Local Housing Allocation grant funds and

\$280,243.86 of State Homeless Housing, Assistance, and Prevention Program Round 4 grant funds to cover the operations of the Bridge Housing Program for April 1, 2025 to June 30, 2026. The program operator will continue to provide 24-hour shelter services, case management, and housing navigation services to assist clients with obtaining their vital documents, enrolling them into the Coordinated Entry System, referring clients to employment programs or assist with applying for social security income, and conduct individual service plans and make referrals based on the goals identified in the client's service plan.

Since the last procurement process was done in 2019, staff is requesting to enter into Subrecipient Agreements with Mercy House to continue shelter operations to the end of June 30, 2026, and staff will work on releasing a new Request for Proposals for the Bridge Program operator for the next twelve-month term.

The Housing and Community Development (HCD) grant liaison for the Permanent Local Housing Allocation (PLHA) Program has confirmed in writing that the City of Riverside has met the procurement requirements under the PLHA Program guidelines and that the use of a non-competitive, informal procurement process for the Subrecipient Agreement with Mercy House is acceptable. Under the City's Purchasing Resolution No. 24101, Section 703. Grant Purchases states, "When the Procurement of Services are to be procured through the use of Federal or State grant funding, procurement shall be done in accordance with the procedures herein. If the receipt of grant funding is conditioned upon requirements and procedures more strict than as set forth herein, the procedures necessary for the receipt of the grant funding shall be followed. Certain federally funded Procurements are subject to sections 200.317 through 200.327 of Title 2 of the Code of Federal Regulations (CFR). Federally funded Procurements shall follow the applicable CFR provisions, except where this Resolution provides for a stricter procedure, then the provisions of this Resolution shall apply. The Using Agency is responsible for compliance with all aspects of grant requirements and shall inform the Manager of any and all grant requirements which affect the expenditure of grant funds and the procurement of Goods, Services, or Construction with grant funds."

Because the PLHA-funded contract exceeds \$50,000, the City's Purchasing Resolution would normally require a formal competitive solicitation. To prevent any interruption in services and ensure continuity of the Bridge Housing Program, the Purchasing Manager is exercising the authority granted under Section 702(w). Exceptions which states, "When approved by the Manager, Services not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions deemed by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process."

Additionally, pursuant to 2 CFR § 200.320(c) Noncompetitive procurement, noncompetitive procurement may be used when "the recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval." This request meets Item (4) under the federal criteria, as HCD has provided written approval for the use of a noncompetitive procurement method (see Attachment 3). Based on this approval and in compliance with applicable grant and City requirements, the City may proceed with awarding the Subrecipient Agreement to Mercy House using the informal procurement method without jeopardizing PLHA funding.

The Purchasing Manager concurs that the request complies with Purchasing Resolution No. 24101.

**FISCAL IMPACT:**

The combined fiscal impact of both agreements is \$1,945,5001.46 and are funded through state operating grants. Sufficient funding for the proposed Subrecipient Agreements is available in the project accounts indicated in the table below.

**Table 1.** Grant Accounts

| <b>Fund</b>        | <b>Account Name</b>                              | <b>Account No.</b> | <b>Amount</b>         |
|--------------------|--|--------------------|-----------------------|
| Development Grants | 2022 PLHA, State Operating Grants                | 9347100-440210     | \$1,664,757.60        |
|                    | HHAP 4 Interim Sheltering, State Operating Grant | 9347560-440210     | \$280,243.86          |
| <b>Total</b>       |  |                    | <b>\$1,945,001.46</b> |

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| Prepared by:                           | Michelle Davis, Housing and Human Services Director                |
| Certified as to availability of funds: | Kristie Thomas, Finance Director/Assistant Chief Financial Officer |
| Approved by:                           | Kris Martinez, Assistant City Manager                              |
| Approved as to form:                   | Rebecca McKee-Reimbold, Interim City Attorney                      |

**Attachments:**

1. Subrecipient Agreement for the PLHA Grant
2. Subrecipient Agreement for the HHAP Round 4 Grant
3. Non-Competitive Grant Support Correspondence