



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: SEPTEMBER 16, 2025

FROM: HOUSING AND HUMAN SERVICES WARD: 1

SUBJECT: AMERICAN RESCUE PLAN ACT LOAN AGREEMENT WITH THE RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR \$644,384.65 IN EMERGENCY RENTAL ASSISTANCE ROUND 2 GRANT FUNDS To REHABILITATE THE 51-UNIT OAKTREE APARTMENTS AT 1946 SEVENTH STREET, INCLUDING 25 AMERICAN RESCUE PLAN ACT-RESTRICTED UNITS

ISSUE:

Approval of an American Rescue Plan Act Loan Agreement with the Riverside Housing Development Corporation for \$644,384.65 in Emergency Rental Assistance Round 2 grant funds to rehabilitation the 51-unit Oaktree Apartments at 1946 Seventh Street, including 25 American Rescue Plan Act-restricted units.

RECOMMENDATIONS:

That the City Council:

1. Approve an American Rescue Plan Act Loan Agreement with Riverside Housing Development Corporation for \$644,384.65 in Emergency Rental Assistance Round 2 grant funds to rehabilitate the 51-unit Oaktree Apartments at 1946 Seventh Street, including 25 American Rescue Plan Act-restricted units; and
2. Authorize the City Manager, or designee, to execute all documents associated with the American Rescue Plan Act Loan Agreement with Riverside Housing Development Corporation, including making minor and non-substantive changes.

BACKGROUND:

On March 22, 1996, the City entered into a HOME Investment Partnerships Program (HOME) Loan Agreement with Riverside Housing Development Corporation (RHDC) for \$450,000 to acquire and rehabilitate the Oaktree Apartments, consisting of 51 rental units, located at 1946 Seventh Street. Under this agreement, 25 units were restricted to low-income households earning at or below 60% of area median income (AMI). For a one-person household, this equates to an income of \$47,040, with a maximum rent of \$1,344, assuming the landlord pays all utilities. The loan was issued with 0% interest for 30 years, with monthly payments of \$1,500, and is scheduled to mature on April 1, 2026.

Federal Emergency Rental Assistance Program Round 2 (ERA2)

On May 7, 2021, the City entered into a direct allocation agreement with the U.S. Department of the Treasury (Treasury) to receive \$4,554,944.74 in ERA2 funds under the American Rescue Plan Act (ARPA), Public Law No. 117-2. These funds were intended to assist renters impacted by the COVID-19 pandemic with rent and utility arrears, forward rent and housing stability services to prevent homelessness.

To date, the City of Riverside has disbursed \$4,220,286.54, assisting 571 unduplicated households, as follows:

- Rent arrears: 386 households
- Forward rent: 189 households
- Utility arrears: 262 households

As application volume decreased nationwide, the Treasury issued updated guidance permitting the use of unobligated ERA 2 funds for affordable housing activities. Before funds could be obligated for such purposes, jurisdictions were required to have obligated 75% (\$3,731,003.39) of their total ERA2 allocation toward direct financial assistance and eligible administrative or housing stability services. Under ERA2, the affordability period for funded housing projects is 20 years.

DISCUSSION:

RHDC submitted a request for funding to support the rehabilitation of the Oaktree Apartments. The proposed improvements aim to address safety, accessibility, efficiency and overall property aesthetics. The total rehabilitation costs is \$1,328,192.

RHDC is requesting a \$644,384.65 loan with a 0% interest, a 20-year term, and monthly payment of \$2,684.94. Twenty-five (25) units will be restricted to very low-income households earning no more than 50% of AMI (equivalent to \$39,200 for a one-person household). The corresponding Low HOME rent is \$1,048, assuming the landlord pays all utilities.

Staff recommends approval of this loan request, as it would extend the existing affordability restricts – currently set to expire in April 2026 - for an additional 20 years, ensuring long-term housing stability for very low-income residents.

FISCAL IMPACT:

The fiscal impact of the Loan Agreement is \$644,384.65 to the Emergency Rental Assistance Program Round 2 grant. Sufficient funds are available in the following project accounts:

Fund	Account Name	Account No.	Amount
Development Grants	Emergency Rental Assistance II	9274500-440110	\$443,441.23
	Emergency Rental Assistance II Admin	9274510-440110	\$200,943.42
Total			\$644,384.65

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: ARPA Loan Agreement
Attachment No. 1 – Site Plan
Attachment No. 2 – Legal Description
Attachment No. 3 – Project Description
Attachment No. 4 – Schedule of Performance
Attachment No. 5 – Project Budget
Attachment No. 6 – ARPA Promissory Note
Attachment No. 7 – ARPA Deed of Trust
Attachment No. 8 – ARPA Regulatory Agreement
Attachment No. 9 – Request for Notice of Default
Attachment No. 10 – Release of Construction Covenants
Attachment No. 11 – Home Documentation and Monitoring Requirements
Attachment No. 12 – Annual Tenant Certification Report
Attachment No. 13 – Addendum to American Rescue Plan Act Agreement