



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY CAOUNCIL DATE: APRIL 21, 2026

FROM: HOUSING AND HUMAN SERVICES WARD: 1

SUBJECT: HOMELESS HOUSING, ASSISTANCE, AND PREVENTION PROGRAM ROUND 3 LOAN AGREEMENT WITH MULBERRY GARDENS SENIOR, L.P. IN THE AMOUNT OF \$2,025,365.00 FOR THE DEVELOPMENT OF THE MULBERRY GARDENS SENIOR HOUSING PROJECT WITH 25 RESTRICTED UNITS FOR SENIORS AT RISK OF HOMELESSNESS LOCATED AT 2520 MULBERRY STREET, AND A PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENT WITH MULBERRY GARDENS FAMILY, L.P. IN THE AMOUNT OF \$971,108.60 FOR THE DEVELOPMENT OF THE MULBERRY FAMILY HOUSING PROJECT WITH 9 RESTRICTED AFFORDABLE HOUSING UNITS LOCATED AT 2560 MULBERRY STREET

ISSUES:

Approval of a Homeless Housing, Assistance, and Prevention Program Round 3 Loan Agreement with Mulberry Gardens Senior, L.P. in the amount of \$2,025,365.00 for the development of Mulberry Gardens Senior Housing Project, which includes 25 restricted units for seniors at risk of homelessness located at 2520 Mulberry Street; and approval of a Permanent Local Housing Allocation Loan Agreement with Mulberry Gardens Family, L.P. in the amount of \$971,108.60 for the development of the Mulberry Gardens Family Housing Project, which includes 9 restricted affordable housing units located at 2560 Mulberry Street.

RECOMMENDATIONS:

That the City Council:

1. Approve a Homeless Housing, Assistance, and Prevention Program Round 3 Loan Agreement with Mulberry Gardens Senior, L.P. for \$2,025,365.00 in Homeless Housing, Assistance, and Prevention Program Round 3 funds for the development of Mulberry Gardens Senior Housing Project, with 25 restricted units to seniors at risk of homelessness located at 2520 Mulberry Street;
2. Approve a Permanent Local Housing Allocation Loan Agreement with Mulberry Gardens Family, L.P. for \$971,108.60 in Permanent Local Housing Allocation funds to be used for the development of the Mulberry Gardens Family Housing Project with 9 restricted affordable housing units located at 2560 Mulberry Street;
3. Authorize the City Manager, or his designee, to execute the Homeless Housing, Assistance, and Prevention Program Round 3 Loan Agreement with Mulberry Gardens

Senior, L.P. and related loan documents including financing subordination agreements, including making minor and non-substantive changes; and

4. Authorize the City Manager, or his designee, to execute the Permanent Local Housing Allocation Loan Agreement with Mulberry Gardens Family, L.P. and related loan documents including financing subordination agreements, including making minor and non-substantive changes.

BACKGROUND:

In March 2022, the Housing Authority received an over-the-counter funding proposal from Eden Housing, Inc. for the Mulberry Garden Apartments, a 209-unit family and senior affordable housing community to be located at 2520 and 2560 Mulberry Street (Project). The proposed project consists of 59 units of affordable senior housing (Phase I) and 150 units of affordable family housing (Phase II).

On May 5, 2022, the State of California released the Excess Sites Local Government Matching Grants (LGMG) Program Notice of Funding Availability (NOFA). LGMG allows projects selected in accordance with Executive Order N-06-19 to apply for funds for activities to enable affordable housing developments on excess state-owned property (Excess Sites).

On May 24, 2022, the City adopted a Resolution to support Eden Housing's application for LGMG funds with a soft commitment of \$3,000,000 in HOME Investment Partnerships Act-ARP (HOME-ARP) funds to support the Mulberry Gardens Apartments Phase I. Shortly thereafter, Eden Housing was awarded \$4,362,060 in LGMG funds for the development of the two affordable housing projects at Mulberry Garden Apartments, \$3,381,640 for Phase I and \$980,420 for Phase II.

On January 30, 2023, the State of California released a NOFA for Affordable Housing and Sustainable Communities (AHSC) Round 7 funds and an amendment on March 15, 2023. The AHSC Program is administered by the California Strategic Growth Council (SGC) and the State of California Department of Housing and Community Development (HCD) will implement the transportation, housing and infrastructure components of the AHSC Program. The AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas (GHG) emissions.

On March 28, 2023, City Council adopted a Resolution authorizing the joint application between the City and Eden Housing for a \$50,000,000 AHSC Grant for the Mulberry Gardens Apartments Phase II project and Sustainable Transportation Infrastructure (STI) projects that will include the surrounding neighborhood within a one-mile radius with safe pedestrian access along Spruce Street, Mulberry Street, and the surrounding streets through improvements such as concrete sidewalks, high visibility crosswalks, class III bikeways, LED flashing stop signs, radar speed feedback signs, and audible pedestrian signals. The AHSC grant is meant to fund a cohesive project package that links housing density and local transit with the goal of reducing localized GHG emissions.

In 2023 the City of Riverside was granted a Prohousing Designation by HCD and awarded Prohousing Incentive Pilot (PIP) Program funds to support the development of affordable housing projects. On March 11, 2025, City Council approved a \$1,000,000 Prohousing Incentive Pilot Program loan agreement for the development of 118 affordable housing units at Mulberry Gardens Apartments Phase II.

On June 27, 2023, City Council approved a Resolutions supporting Eden Housing’s future funding applications, and a \$3,000,000 loan agreement of HOME-ARP funds for the development of 25 affordable units for seniors at risk of homelessness at Mulberry Gardens Senior and \$1,154,171.70 in FY 2022-2023 HOME funds for the development of 11 affordable units at Mulberry Gardens Family.

On May 13, 2025, City Council approved an updated resolution accepting a grant award of \$27,974,220 from the State of California HCD for a \$14,000,000 AHSC loan for the development of the Mulberry Gardens Family Apartments located at 2560 Mulberry Street and a \$13,974,220 grant for the associated Sustainable Transportation Infrastructure projects.

DISCUSSION:

The Mulberry Gardens project is a phased development consisting of affordable senior housing (Phase 1) and affordable family housing (Phase 2). Phase 1 began construction in May 2024 and is currently anticipated to receive Temporary Certificate of Occupancy (TCO) in November 2026. Phase 2 began construction in October 2025 and is anticipated to receive TCO in November 2027.

Mulberry Gardens is located on State Excess Site land and is therefore subject to oversight by the State of California, including the building permit and inspection processes. Construction of the senior housing phase has expected multiple delays due to the timing of required State inspections and permit approvals.

The most significant delay to date (107 days) resulted from the time required to obtain a building permit from the Office of the State Fire Marshal (OSFM). A subsequent delay, currently totaling 89 days and ongoing, is related to firestopping deficiencies identified during inspections. This delay is primary attributable to the inspection and approval process administered by the State of California Department of General Services (DGS). Similar inspection-related delays are anticipated to continue and may affect additional aspects of the project.

As a result of construction delays, Phase I (Senior) has incurred a development funding gap of \$2,025,365. This gap can be addressed using available Homeless Housing, Assistance, and Prevention Program Round 3 (HHAP-3) funds, which are intended to assist seniors at risk of homelessness.

Construction of Phase II (Family) began in October 2025. Based on experience of the Senior phase, similar delays associated with inspections by OSFM are anticipated. An additional \$971,108 in available Permanent Local Housing Allocation (PLHA) funds is proposed to offset increased costs resulting from these inspection-related delays and other construction impacts.

The total development cost for Phase I (Senior) is \$44,742,839.68, and the total development cost for Phase II (Family) is \$95,960,435.15, as detailed below.

Mulberry Senior Project Development Sources

Funding Source	Amount
HCD IIG - Sponsor Loan	\$2,950,480.00
Sponsor Loan - HCD LGMG (\$6 million) & CEC Build Grant (\$216,780)	\$6,216,780.00

Family LP - Cost Sharing Agreement (LGMG)	\$ 1,970,038.35
County	\$ 1,300,000.00
Interest	\$ 54,296.68
City HOME-ARP	\$ 3,000,000.00
Interest	\$ 125,300.00
City HHAP-3	\$ 2,025,365.00
Interest	\$ 84,592.74
AHP	\$ 1,740,000.00
General Partner	\$ 100.00
Limited Partner @ 99.99% (Wells) - includes estimated timing adjuster	\$25,275,886.91
TOTAL SOURCES	\$44,742,839.68

Mulberry Senior Project Development Uses

Activity	Amount
Land Acquisition	\$ 30,000.00
Demolition and Site Prep	\$ 3,132,653.60
Construction	\$ 28,054,730.61
Permit and Impact Fees	\$ 2,431,187.00
Architecture, survey, engineering, testing, monitoring	\$ 3,774,922.86
Construction contingency, Loans and interest fees	\$ 4,179,836.04
Appraisal	\$ 15,000.00
Tax Credit Allocation Committee Fee	\$ 127,780.00
Legal Fees	\$ 201,000.00
Professional Services	\$ 302,000.00
Operating Reserves	\$ 293,729.57
Development Fee	\$ 2,200,000.00
TOTAL USES	\$44,742,839.68

Mulberry Family Project Development Sources

Funding Source	Amount
First Mortgage	\$ 8,068,000.00

HCD - AHSC	\$14,000,000.00
HCD - IIG - Sponsor Loan	\$ 8,746,488.00
City - PLHA	\$ 971,108.60
Interest	\$ 33,274.65
City - HOME	\$ 1,550,442.63
Interest	\$ 53,125.30
City - Prohousing Incentive Pilot Program	\$ 1,000,000.00
Interest	\$ 34,308.33
County – HOME-ARP	\$ 2,000,000.00
Sponsor Loan - HCD LGMG (\$8,100,000 - incl disbursed during Ph 1)	\$ 8,100,000.00
Affordable Housing Program	\$ 2,000,000.00
Deferred developer fee	\$ 6,000,000.00
Limited Partner @ 99.99% - including estimated adjusters	\$43,403,687.64
TOTAL SOURCES	\$95,960,435.15

Mulberry Family Project Development Uses

Funding Source	Amount
Land Acquisition	\$ 30,000.00
Demolition and Site Prep	\$ 5,912,075.35
Construction	\$60,119,811.62
Permit and Impact Fees	\$ 5,702,250.00
Architecture, survey, engineering, testing, monitoring	\$ 4,985,393.89
Construction contingency, Loans and interest fees	\$ 8,860,527.68
Appraisal	\$ 10,000.00
Tax Credit Allocation Committee Fee	\$ 152,883.21
Legal Fees	\$ 312,000.00
Professional Services	\$ 295,800.00
Operating Reserves	\$ 1,079,693.40
Development Fee	\$ 8,500,000.00
TOTAL USES	\$95,960,435.15

Staff requests that the City Council approve a \$2,025,365.00 HHAP-3 Loan Agreement with Mulberry Gardens Senior, L.P. and a \$971,108.60 PLHA Loan Agreement with Mulberry Gardens Family, L.P. to address the projects' remaining funding gaps.

FISCAL IMPACT:

The total fiscal impact of this action is \$2,996,473.60. Sufficient funding is budgeted and available in the funds and accounts listed in Table 1 below.

Table 1. Available Budget

Fund	Program	Account	Amount
Development Grants	HHAP3 Grant	9344490-440210	\$2,025,365.00
	PLHA Operating Grant	9347100-440210	\$971,108.60
Total:			\$2,996,473.60

Prepared by: Agripina Neubauer, Housing Project Manager
 Approved by: Michelle Davis, Housing and Human Services Director
 Certified as to
 availability of funds: Julie Nemes, Interim Finance Director
 Approved by: Kris Martinez, Assistant City Manager
 Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Mulberry Gardens Senior, L.P. Homeless Housing, Assistance and Prevention Program Round 3 - Loan Agreement
2. Mulberry Gardens Senior, L.P. Homeless Housing, Assistance and Prevention Round 3 - Subordination Agreement
3. Mulberry Gardens Family, L.P. Permanent Local Housing Allocation - Loan Agreement
4. Mulberry Gardens Family, L.P. Permanent Local Housing Allocation - Subordination Agreement