



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND COUNCIL DATE: MARCH 25, 2025

FROM: HOUSING AND HUMAN SERVICES WARD: ALL

SUBJECT: PERMANENT LOCAL HOUSING ALLOCATION SUBRECIPIENT WITH KINGDOM CAUSES, INC. DBA CITY NET IN THE AMOUNT OF \$1,384,133.83 FOR CASE MANAGEMENT SERVICES FOR PERSONS AT RISK OR EXPERIENCING HOMELESSNESS, PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENT WITH SUNRISE AT BOGART, L.P. IN THE AMOUNT OF \$380,562 FOR THE DEVELOPMENT OF 22 AFFORDABLE HOUSING UNITS AND A MANAGER'S UNIT LOCATED AT 11049 BOGART STREET IN WARD 7, A SECOND AMENDMENT TO PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENT WITH THE ASPIRE, L.P. TO ALLOCATE AN ADDITIONAL \$501,887.75 IN GAP FUNDING FOR THE DEVELOPMENT OF 32 AFFORDABLE HOUSING UNITS LOCATED AT 3861 THIRD STREET, AND ADOPTION OF A RESOLUTION AUTHORIZING AN APPLICATION FOR, AND RECEIPT OF, SENATE BILL 2 PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FUNDS FROM THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO APPLY FOR CALENDAR YEAR 2023 FORMULA ALLOCATION TOTALING \$2,456,509, SUPPLEMENTAL APPROPRIATION

ISSUES:

1. Approval of a Permanent Local Housing Allocation Program Subrecipient Agreement with Kingdom Causes, Inc. dba City Net for \$1,384,133.83 for case management services for those at risk or experiencing homelessness;
2. Approval of a Permanent Local Housing Allocation Program Loan Agreement with Sunrise at Bogart, L.P. for \$380,562 of Permanent Local Housing Allocation Program funds for the development of 22 affordable housing units and a manager's unit located at 11049 Bogart Street in Ward 7;
3. Approval of a Second Amendment to Permanent Local Housing Allocation Program Loan Agreement with The Aspire, L.P. for \$501,887.75 of Permanent Local Housing Allocation Program funds for the development of 32 affordable housing units and a manager's unit located at 3861 Third Street in Ward 1; and
4. Adopt the attached Resolution authorizing the City Manager, or designee, to submit a Senate Bill 2 Permanent Local Housing Allocation Program application for \$2,456,509 to the California Department of Housing and Community Development, and authorizing the City Manager, or designee, to accept and receive such funds and to execute any documents necessary to secure such award and administer the grant.

RECOMMENDATIONS:

That the City Council:

1. Approve a Permanent Local Housing Allocation Program Subrecipient Agreement with Kingdom Causes, Inc. dba City Net for \$1,384,133.83 for case management services for those at-risk or experiencing homelessness, and authorize the City Manager, or designee, to execute the Subrecipient Agreement with Kingdom Causes, Inc., including making minor and non-substantive changes;
2. Approve a Permanent Local Housing Allocation Program Loan Agreement with Sunrise at Bogart, L.P. for \$380,562 of Permanent Local Housing Allocation Program funds for the development of 22 affordable housing units and a manager's unit located at 11049 Bogart Street in Ward 7, and authorize the City Manager, or designee, to execute the Loan Agreement with Sunrise at Bogart, L.P., including making minor and non-substantive changes;
3. Approve a Second Amendment to Permanent Local Housing Allocation Loan Agreement Amendment with The Aspire, L.P. for \$1,053,906.75 of Permanent Local Housing Allocation Program funds for the development of 32 affordable housing units and a manager's unit located at 3861 Third Street in Ward 1, and authorize the City Manager, or designee, to execute the Second Amendment with The Aspire, L.P., including making minor and non-substantive changes;
4. Adopt the attached Resolution authorizing the City Manager, or designee, to submit a Senate Bill 2 Permanent Local Housing Allocation Program application for \$2,456,509 to the California Department of Housing and Community Development, and authorizing the City Manager, or designee, to accept and receive such funds and to execute any documents necessary to secure such award and administer the grant; and
5. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record an increase in revenue and supplemental appropriation in an amount of up to the award of grant funds in the Grants and Restricted Programs Fund.

BACKGROUND:

On February 26, 2020 the State of California Department of Housing and Community Development (HCD) released a Notice of Funding Availability (NOFA) for the current round of Permanent Local Housing Allocation (PLHA) Program. The PLHA Program is funded pursuant to Senate Bill (SB) 2 (Chapter 364, Statutes of 2017). SB 2 creates a surcharge on document applicable land transfer documents of \$75, per document, per parcel of land, with a cap of \$225 per transaction.

SB 2 established a PLHA Program Fund and authorizes HCD to allocate 70 percent of moneys collected and deposited in the PLHA Program Fund, beginning in calendar year 2019, to local governments for eligible housing and homelessness activities. The intent of the bill is to provide a permanent, on-going source of funding to local governments for housing-related projects and programs that assist in addressing the unmet housing needs of their local communities.

PLHA 2019 Funding Allocation

On July 7, 2020, City Council adopted a five-year PLHA funding strategy for an estimated five-year allocation of \$9,732,750 (Attachment 1) and the submission of an application for the 2019 PLHA funding totaling \$1,622,125 to provide funding for the following affordable housing projects.

PROJECT	DEVELOPER	NO. OF UNITS	2019 PLHA PROGRAM FUNDING
Pierce Street and Golden Avenue Affordable Housing Project (Ward 7)	National Community Renaissance	80 units of very low-income affordable housing	\$1,000,000
The Aspire (Third Street and Fairmount Boulevard - Ward 1)	Innovative Housing Opportunities	32 units of permanent supportive housing for youth	\$541,019
Administration (5% of grant)	City of Riverside		\$81,106
TOTAL			\$1,622,125

On June 30, 2021, the City and State of California executed a Standard Agreement for the 2019 round of PLHA funding totaling \$1,622,125. On January 12, 2021, the City executed a \$541,019 PLHA Loan Agreement with The Aspire, L.P. for the development of 32 rental units at 3861 - 3893 Third Street for an infill residential project for termed out foster youth and homeless youth and on July 20, 2021 the City executed a \$1,000,000 PLHA Loan Agreement with Golden Pierce Housing Partners L.P. for the development of 79 affordable housing units and one manager’s unit at 11253 Pierce Street.

PLHA 2020-2021 Funding Allocation

On October 18, 2022, City Council approved the submission of a PLHA application for the 2020 and 2021 funding allocation totaling \$5,295,881 to fund case management services and the development of affordable housing based on the following allocations.

PLHA Funding Plan	2020	2021
20% of funding for 60% AMI affordable housing	\$ 504,257.00	\$ 554,919.20
15% of funding for 30% AMI affordable housing	\$ 378,192.75	\$ 416,189.40
60% of funding for 30% AMI Bridge Housing (case management)	\$1,512,771.00	\$1,664,757.60
5% for Administration	\$ 126,064.25	\$ 138,729.80
Total	\$2,521,285.00	\$2,774,596.00

On July 21, 2023, the City and State of California executed a Standard Agreement for \$6,918,006 for the 2019, 2020 and 2021 PLHA funding.

DISCUSSION:

Staff is requesting City Council to consider allocating the 2020 PLHA funding to Kingdom Causes, Inc. dba City Net case management and The Aspire and Sunrise at Bogart affordable housing projects.

Case Management - \$1,384,133.83 Subrecipient Agreement

The City procured Kingdom Causes, Inc., dba City Net (City Net) under Request for Proposal (RFP) 1975 for case management of the City' s rental assistance program.

When the City began operating a rental assistance program with one case manager, there was a need to procure additional case managers to support the increasing rental assistance program caseload. The City was able to use RFP 1975 to contract with City Net for additional case managers that would provide wrap around services to assist clients with obtaining housing stability and self-sufficiency.

The following is a list of contracts that the City contracted with City Net for the case management that will be reimbursed through the 2020 PLHA grant.

Contract	Execution Date	Activity	Funding Amount
Professional Consultant Services Agreement (PCSA) – RFP 1975	April 9, 2020	2 fulltime case managers	\$237,640.00
Second Amendment to PCSA – RFP 1975	February 1, 2022	4 fulltime case managers	\$407,637.80
Third Amendment to PCSA – RFP 1975	April 23, 2024	4 fulltime case managers	\$151,521.69
PCSA – RFP 2278	April 17, 2024	4 fulltime case managers	\$454,792.96
			\$1,251,592.45

The attached PLHA Subrecipient Agreement will cover the previous expenditures of \$1,251,592.45 and \$132,541.38 for the period of 1/1/2025 to 4/30/2025, bringing the total PLHA case management expenditures to \$1,384,133.83.

Sunrise at Bogart - \$380,562 PLHA Loan



On March 14, 2019, the City of Riverside Housing Authority received an over-the-counter application from Neighborhood Partnership Housing Services (NPHS) to build 15 tiny cottages plus a small office building on Housing Authority property located at 11049 Bogart Avenue in the La Sierra Neighborhood; a community that would provide housing for chronically homeless individuals coupled with case management. Upon consultation with the Planning Division, the proposed community was expanded to 23 units (22 affordable and one unrestricted managers unit). The affordable housing units will be made affordable to households earning at or below 30% of Riverside County Median Income for a 55-year period (\$21,550 annual income for a one person household).

On March 11, 2025, staff requested City Council approve allocating \$1,440,000 of Prohousing Incentive Pilot Program funding to Sunrise at Bogart, L.P to cover predevelopment costs.

Staff is requesting to allocate \$380,562 of PLHA funds to Sunrise at Bogart, L.P. to fill the project's funding gap. The total development costs for the Sunrise at Bogart project is \$20,030,712.

The Aspire – \$501,887.75 PLHA Loan



On June 1, 2018 and March 14, 2019, the Housing Authority issued Request for Proposals for the development of 3861 - 3893 Third Street for an infill residential project benefitting termed out foster youth and homeless youth. This project was conceptually developed in partnership with the

Housing Authority of the City of Riverside, Riverside Community College District, County of Riverside Workforce Development, Riverside County Housing Authority, Alvord Unified School District, and Riverside Unified School District. Innovative Housing Opportunities (IHO) was deemed the highest scoring response to Request for Proposal 18-03 with a proposal to develop a 32-unit multifamily affordable housing project for termed-out foster youth and homeless youth located at 3861-3893 Third Street (Project).

On August 6, 2019, the Housing Authority Board approved Resolution R-14 supporting IHO's funding application to the State's Multifamily Housing Program and a Purchase Option Agreement with IHO in order to establish minimum site control necessary to apply for State housing funds. On April 7, 2020, the Purchase Option Agreement was extended 90 days to expire on September 30, 2020. IHO has since formed The Aspire LP as the legal entity that will develop the Project.

On December 15, 2020, the City Council adopted a Resolution supporting The Aspire Project and The Aspire, LP's funding applications to the California Department of Housing and Community Development, to the California Tax Credit Allocation Committee, and to the City for up to \$459,981 in HOME Investment Partnerships Act funds for the development of the Project.

On January 12, 2021 the City entered into a loan agreement with The Aspire L.P. for \$541,019 of the 2019 PLHA funding.

On September 16, 2021, the City and The Aspire, L.P. execute a First Amendment to PLHA Loan Agreement to provide the developer with additional time needed to secure additional financing for the Project, which resulted in updating Schedule of Performance – Attachment 4.

During the final phases of construction, The Aspire, L.P identified a funding gap of \$501,877.75 because of increased material and insurance costs. The total development cost of the project is \$25,514,019.07. To fill this funding gap, staff is recommending a Second Amendment to PLHA Loan Agreement to increase the PLHA funding allocation by \$501,877.75, bringing the total PLHA loan amount to \$1,053,906.75.

PLHA Resolution for Calendar Year 2023 Funding

Staff is requesting City Council to consider the attached PLHA Resolution that will allow the City to submit a Senate Bill 2 PLHA Program Calendar Year (CY) 2023 application for \$2,456,509 to the California Department of Housing and Community Development.

Below is a breakdown of the PLHA Program CY 2023 funding allocation based on the City Council approved PLHA Five-Year Funding Strategy.

PLHA Funding Plan	2022	2023
20% of funding for 60% AMI affordable housing	\$ 278,127.00	\$ 213,174.80
15% of funding for 30% AMI affordable housing	\$ 208,595.25	\$ 159,881.10
60% of funding for 30% AMI Bridge Housing (case management)	\$ 834,381.00	\$ 639,524.40
5% for Administration	\$ 69,531.75	\$ 53,293.70

Total	\$1,390,635.00	\$1,065,874.00
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If the attached Resolution is approved by City Council and the PLHA CY 2023 funds are awarded to the City, staff will return to City Council at a later date with funding agreements for the use of these funds.

FISCAL IMPACT:

The total fiscal impact of this award is \$4,723,092.58. Funding in the amount of \$2,266,583.58 needed for the attached agreements is available in the 2020 PLHA Grant Account No. 9344800-440210.

Upon receipt of the PLHA CY 2023 Program grant award, the Finance Department will increase the revenue and expenditures as follows:

Account	Amount	Revenue Account	Expenditure Account
PLHA 2022	\$1,390,635	9353800-334100	9353800-440210
PLHA 2023	\$1,065,874	9353900-334100	9353900-440210

Prepared by: Agripina Neubauer, Housing Project Manager
 Approved 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: Jack Liu, Interim City Attorney

Attachments:

1. PHLA Subrecipient Agreement with Kingdom Causes, Inc. dba City Net
2. PHLA Loan Agreement with Sunrise at Bogart, L.P.
3. Second Amendment to PLHA Loan Agreement with The Aspire, L.P.
4. Resolution
5. Funding Allocation Plan