



Housing and Homelessness Committee Memorandum

City of Arts & Innovation

**TO: HOUSING AND HOMELESSNESS
COMMITTEE MEMBERS**

DATE: APRIL 28, 2025

FROM: HOUSING & HUMAN SERVICES

WARD: 2

SUBJECT: RESOLUTION AUTHORIZING THE SUBMISSION OF A JOINT APPLICATION BETWEEN THE CITY OF RIVERSIDE AND RIVERSIDE HOUSING DEVELOPMENT CORPORATION TO THE STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR UP TO \$35,000,000.00 OF HOMEKEY+ PROGRAM FUNDS FOR THE ACQUISITION AND CONVERSION OF 114 MOTEL ROOMS INTO STUDIO UNITS LOCATED AT 1590 UNIVERSITY AVENUE AND A MEMORANDUM OF UNDERSTANDING WITH RIVERSIDE HOUSING DEVELOPMENT CORPORATION FOR SOFT COMMITMENTS OF \$6,750,000.00 OF HOMELESS HOUSING, ASSISTANCE AND PREVENTION PROGRAM ROUND 3 AND 4 GRANT FUNDS, \$1,234,890.09 OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS, AND \$1,000,000.00 OF HOME INVESTMENT PARTNERSHIPS GRANT FUNDS TO CARRY OUT THE PROJECT

ISSUE:

1. Conceptually approve a Resolution authorizing the City Manager, or designee, to submit a joint application between the City of Riverside and Riverside Housing Development Corporation to the State of California Department of Housing and Community Development for up to \$35,000,000.00 of Homekey+ Program funds for the acquisition and conversion of 114 rooms into studio units located at 1590 University Avenue; and
2. Direct the City Attorney's Office to draft a Memorandum of Understanding with Riverside Housing Development Corporation for soft commitments of \$6,750,000.00 of HHAP Round 3 and 4 for the Homeless Housing, Assistance and Prevention Program Round 3 and 4 grant funds, \$1,234,890.09 of Community Development Block Grant funds, and \$1,000,000.00 of HOME Investment Partnerships Program grant funds to carry out the project.

RECOMMENDATIONS:

That the Housing and Homelessness Committee:

1. Conceptually approve a Resolution authorizing the City Manager, or designee, to submit a joint application between the City of Riverside and Riverside Housing Development Corporation to the State of California Department of Housing and Community Development for up to \$35,000,000.00 of Homekey+ Program funds for the acquisition and conversion of 114 rooms into studio units located at 1590 University Avenue; and

2. Direct the City Attorney's Office to draft a Memorandum of Understanding with Riverside Housing Development Corporation for soft commitments of \$6,750,000.00 of HHAP Round 3 and 4 for the Homeless Housing, Assistance and Prevention Program Round 3 and 4 grant funds, \$1,234,890.09 of Community Development Block Grant funds, and \$1,000,000.00 of HOME Investment Partnerships Program grant funds to carry out the project.

BACKGROUND:

On November 26, 2024, the California Housing and Community Development (HCD) released the Homekey + Notice of Funding Availability (NOFA), which is funded through Proposition 1 that was approved by California voters in March 2024. Proposition 1 includes the Behavioral Health Services Act (BHSA) and the Behavioral Health Infrastructure Bond Act (BHIBA). Homekey+ is the Permanent Supportive Housing component of the BHIBA.

Homekey+ will support the development of Permanent Supportive Housing for Veterans and individuals with mental health or substance use disorder challenges who are at-risk of or experiencing homelessness. Housing serves as the foundation for improved quality of life, health and mental health, as well as employment. Building on the success of both Roomkey and approximately \$3.572 billion awarded over three rounds of Homekey, Homekey+ continues a statewide effort to sustain and rapidly expand Permanent Supportive Housing for persons experiencing homelessness. Like other programs administered by the State of California that serve people experiencing homelessness, Homekey+ requires the use of Housing First, which is an evidenced-based model that quickly and successfully connects individuals and families experiencing homelessness to permanent housing without preconditions and barriers to entry or continued tenancy, such as sobriety, treatment or service participation requirements. With safe, affordable housing, and supportive services to address Behavioral Health Challenges, California's most vulnerable residents will have the foundation they need to thrive.

Under the Homekey + NOFA, \$1.033 billion is being made available for veteran-serving projects and all other target population projects will have \$1.11 billion available. Eligible applicants include cities, counties, state and regional and local public entities and tribal entities. Eligible uses include acquisition and/or rehabilitation of motels, hotels, apartments, assisted living residences, commercial spaces and other buildings with existing uses that could be converted to PSH. Projects must be completed within 12 months from the date of the grant award letter. Homekey + applications are due by May 30, 2025, and awards announcements will start in June 2025. The City of Riverside has 249 unhoused individuals on the Coordinated Entry System Community Queue waiting for a permanent supportive housing unit.

DISCUSSION:

On February 24, 2025, the City received a proposal from Riverside Housing Development Corporation (RHDC), an experienced affordable housing developer and property manager, to submit a joint Homekey + application for the acquisition and conversion of 114 motel rooms into studio units that are located at 1590 University Avenue (Project) and operating costs. RHDC is proposing to create 94 new permanent supportive housing units at 30% of area median income (\$21,500 for a one-person household) and 20 units at 50% of area median income (\$35,900 for a one-person household). Ten units will be reserved for veterans and 18 units reserved for individuals with mobility disabilities. Tenants will be required to sign a 12-month lease. The property will be gated, have onsite security, a social service coordinated and four (4) case managers. The property manager and maintenance staff will live onsite. These units will remain affordable for a 55-year period.

An appraisal was ordered to determine the Fair Market Value of the property, which was due on March 29, 2025, and the deadline was extended to April 7, 2025. At the time this staff report was written and submitted, Real Property Services had not yet received the appraisal. RHDC's estimated total development costs is \$26,700,000.

Since the final appraised value has not yet been determined, the total amount being requested in Homekey+ grant funds is up to \$35,000,000.00 and \$8,984,890.09 from the City of Riverside (\$6,750,000.00 of Homeless Housing, Assistance and Prevention (HHAP) 3 and HHAP 4, \$1,000,000.00 of HOME Investment Program funds, and \$1,234,890.09 million of Community Development Block Grant (CDBG) funds).

RHDC requested \$250,000.00 in predevelopment costs to fund the financial consultant, architect and engineering activities, city permits, appraisal, lead based paint and asbestos tests, Phase I Environmental, and a preliminary title report for the Project. The appraisal and environmental reports will need to be submitted with the Homekey + application.

On March 25, 2025, City Council approved a Subrecipient Agreement for the HHAP Round 3 with Riverside Housing Development Corporation to provide \$250,000.00 to cover the Project's predevelopment costs.

The City's contracts with City Net for four case managers and the City funds one fulltime case manager who would provide the case management needed for the 94 permanent supportive housing residents onsite. The City Net case managers are funded through local Measure Z funds and the City's case manager is funded through the Housing Authority of the City of Riverside.

Community Meetings

On March 28, 2025, Housing and Human Services (HHS) and RHDC staff met with individuals with lived experience at the Riverside Access Center to receive input on the proposed Project where there were approximately 50 individuals in attendance. Attendees were in full support of the project and wanted to ensure the project would have ADA units, substance abuse counseling, case management, computer center, security, residential social events, cooking classes, grass area for pets.

On April 3, 2025, HHS and RHDC staff presented the proposed Project to the Lincoln Park Community Group and on April 10, 2025, presented to the University Neighborhood Association. Attendees asked questions on the residents' eligibility criteria, safety, curfews and visitors and the responses. Staff explained that the Project would have both a perimeter fence and onsite security to prevent loitering. No curfew or visitor restrictions will be put in place as these are apartment units that residents will be required to sign a 12-month lease and adhere to the terms of the lease. Onsite management will require tenants to respect the house rules regarding after hour noise complaints or unruly visitor behavior. Behavioral issues like these would be addressed through written warnings and documentation just like any other apartment community would enforce. Tenants and their case managers would be advised of any lease violations and encouraged to find cooperative voluntary solutions and behavioral modifications.

On April 23, 2025, staff will present the proposed Project to the Bordwell Park Advisory Committee to receive additional feedback from the community on the proposed project.

Staff is requesting the Housing and Homelessness Committee to conceptually approve a Resolution to submit a joint application between the City and Riverside Housing Development

Corporation for Homekey+ funding up to \$35,000,000.00 and the following soft funding commitments totaling \$8,984,890.09 to RHDC for the Project:

- \$6,750,000 of HHAP Round 3 and 4
- \$1,234,890.09 of CDBG funds
- \$1,000,000.00 of HOME funds

In December 2023, the City's Housing Authority completed the development of 10 permanent supportive housing units in Ward 1. In January 2025, Innovative Housing Opportunities completed the development of Aspire, a 32 permanent supportive housing community that serves transitional aged youth. The Sunrise at Bogart is expected to close on the project's financing in June 2025 and start construction of 22 permanent supportive housing units in Ward 7.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 2 – Community Well-Being** (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 and Goal 2.2 — to collaborate with partner agencies to improve household resiliency and reduce the incidence and duration of homelessness.).

1. Community Trust – The City of Riverside has identified the need for affordable housing as a priority need in the City's Housing Element process. The Housing Element outreach process gathered information from specific focus groups and interviews with various organizations and service providers in the housing and community development field, as well as residents of the city.
2. Equity – This Program reaches lower income populations of the City and offers equal opportunities for safe and suitable living conditions and housing sustainability as well as opportunities for financial growth.
3. Fiscal Responsibility – Funding for this Project would come directly from federal and state grants.
4. Innovation – The Project will allow the City to capitalize on state and federal funding to meet ongoing and changing housing needs of the unhoused extremely low to very low-income members of the community.
5. Sustainability & Resiliency – Riverside is committed to meeting the needs of the present without compromising the needs of the future and ensuring the City's capacity to persevere, adapt and grow during good and difficult times alike.

FISCAL IMPACT:

The total fiscal impact of this action is \$8,984,890.09. The proposed soft funding commitments of \$8,984,890.09 are in the following funds and accounts:

Fund	Account	Account Number	Amount
Home Fund	HOME Unprogrammed	2520300-453001	\$1,000,000.00
Dev Grants	HHAP 3 Permanent Housing	9344490-440210	\$2,496,927.94
	HHAP 4 Permanent Housing	9347560-440210	\$4,253,072.06
CDBG	CDBG Unprogrammed	2520100-453001	\$1,234,890.09
Total			\$8,984,890.09

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: Jack Liu, Interim City Attorney

- Attachments:
1. Resolution
 2. Presentation