



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: APRIL 23, 2024**

FROM: HOUSING AND HUMAN SERVICES **WARD: 1**

**SUBJECT: HOME INVESTMENT PARTNERSHIPS PROGRAM - AMERICAN RESCUE PLAN
LOAN AGREEMENT WITH MULBERRY GARDENS SENIOR, L.P. IN THE
AMOUNT OF \$3,000,000 FOR THE DEVELOPMENT OF 25 AFFORDABLE
HOUSING UNITS AS PART OF THE MULBERRY GARDENS SENIOR HOUSING
PROJECT, A 59 UNIT AFFORDABLE HOUSING PROJECT LOCATED AT 2520
MULBERRY STREET**

ISSUE:

Approval of a HOME Investment Partnerships Program- American Rescue Plan Loan Agreement with Mulberry Gardens Senior L.P. for \$3,000,000 in HOME Investment Partnerships Program- ARP funds to be used for the creation of 25 affordable housing units as part of the Mulberry Gardens Senior Project, a 59-unit affordable housing project for seniors located at 2524 Mulberry Street.

RECOMMENDATIONS:

That the City Council:

1. Approve a HOME Investment Partnerships Program - American Rescue Plan Loan Agreement with Mulberry Gardens Senior, L.P. for \$3,000,000 in HOME Investment Partnerships Program - American Rescue Plan funds to be used for the creation of 25 affordable housing units as part of the Mulberry Gardens Senior Project, a 59-unit affordable housing project for seniors located at 2520 Mulberry Street;
2. Authorize the City Manager, or his designee, to execute the HOME Investment Partnerships Program – American Rescue Plan Loan Agreement with Mulberry Gardens Senior, L.P., including making minor and non-substantive changes; and
3. Authorize a transfer of \$3,000,000 from the Home Investment Partnership Program Fund, HOME Unprogrammed Account No. 2520300-453001 to the Mulberry Gardens Senior Project Account 2520300-454303.

BACKGROUND:

On January 15, 2019, the State of California passed Executive Order N-06-10 to use the State's inventory of excess real property to meet the need for affordable housing. After a thorough review,

the State identified 75 sites that could be developed with affordable housing, which included the CalFire site located at 2508, 2520 and 2580 Mulberry Street.

On June 15, 2020, the State of California Department of General Services (DGS) released a Request for Qualifications for the development of affordable housing on the CalFire site. In May 2021, DGS released a Request for Proposals for the development of the CalFire Site, that would require the selected responder to enter a long-term 99-year lease. DGS reviewed two proposals and selected Eden Housing Corporation (Eden), a California nonprofit corporation, whose proposal included the Mulberry Garden Apartments, a 209-unit family and senior affordable housing to be located at 2520 Mulberry Street (Project). The proposed project will consist of 150 affordable family housing units and 59 affordable senior housing units.

In March 2022, the City's Housing Authority received an over-the-counter funding proposal from Eden totaling \$4,154,171.70 for the Project, which would be developed in two phases. The first phase of the Project includes the development of 59 affordable senior housing units with a funding request of \$3,000,000 from the City's HOME Investment Partnerships – American Rescue Plan (HOME-ARP) and \$1,154,171.70 from the HOME Program funds for the development of 150 affordable family housing units.



On March 11, 2021, President Biden signed the American Rescue Plan into law, which provides funds to address the continued impact of the COVID-19 pandemic, including \$5 billion in additional HOME Investment Partnerships program funds that must primarily benefit individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations.

The City of Riverside received an allocation of \$4,335,583 in HOME-ARP, which \$3,818,803.85 was allocated for the development of affordable housing, \$300,000 for Tenant-Based Rental Assistance and \$216,779.15 for administration and planning costs.

On May 25, 2022, City Council passed Resolution, R-23855, to make a conditional award of up to \$3,000,000 in HOME-ARP funds to support the Mulberry Gardens affordable senior housing project as part of its support for an application to the State of California for Local Government Matching Grants. An additional Resolution, R-24012, adopted by City Council on June 27, 2023, conceptually approved a budget for the Mulberry Garden apartments that included a loan of up to \$3,000,000 in HOME-ARP funds and support for the Mulberry Gardens affordable housing applications of additional State, Federal, and Local funds.

COMMUNITY MEETINGS:

The following meetings were held to discuss the development of the CalFire site and proposed project.

Date	Meeting
May 6, 2021	Downtown Area Neighborhood Alliance (DANA)
November 23, 2022	DANA
December 7, 2022	Fair Housing Council, Inland Equity Community Land Trust, Civil Rights Institute, Anti-racist Riverside, Center for Social Justice & Civil Liberties organization
December 21, 2022	Riverside Bike Club Board Members
January 10, 2023	African-American Historical Society
January 11, 2023	AHSC Mulberry & Spruce Street Neighborhood Community Project

DISCUSSION:

When underwriting HOME Program funding applications, the HOME Program regulations require that staff must obtain all funding commitments evidenced by award letters before HOME funds can be committed to an activity through a legal binding agreement.

The Resolutions R-23855 and R-24012 acted as forward commitments of HOME-ARP Program funds, which allowed Mulberry Gardens Senior, LP to apply for funding from the State of California and other sources of housing financing to make the developer's application competitive for these funding sources. Mulberry Gardens Senior, LP has now obtained all the Project's financing award letters, which have been submitted to City staff for review and approval. Staff has completed the underwriting review process for the Mulberry Gardens Senior project and is recommending funding the project with \$3,000,000 of HOME-ARP funds.

The 25 HOME-ARP assisted units will be restricted for 55 years to very low income (at or below 50% of area median income, currently \$32,650 annually for a one-person household) seniors aged 62 or above, with at least 18 of the 25 units set aside for HOME-ARP qualifying populations, which must meet one of the following criteria:

- i. Homeless, as defined in Section 103(a) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11302(a));
- ii. At-risk of homelessness, as defined in Section 401(1) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(1));
- iii. Fleeing or attempting to flee domestic violence, dating violence, sexual assault, or human trafficking;
- iv. Other populations where providing supportive services or assistance under section 212(a) of the Act (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability; or
- v. Veterans and families that include a veteran family member that meet one of the preceding criteria.

The total development cost for the Mulberry Gardens Senior Project is \$62,618,415.

Below is a breakdown of the Project's Sources and Uses.

SOURCES OF FUNDS	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)	\$ 2,240,871.87
County	\$ 1,300,000.00
County Loan Interest	\$ 32,965.83
City HOME-ARP	\$ 3,000,000.00
City Loan Interest	\$ 76,075.00
Construction Loan (Wells)	\$ 21,203,841.16
General Partner	\$ 100.00
Limited Partner @ 99.99% (Wells)	\$ 25,597,300.81
Total	\$ 62,618,414.67

USES OF FUNDS	TOTAL COST
Land Costs	\$ 2,986,148.60
Construction	\$ 26,945,280.09
Permits, Fees, & Studies	\$ 3,448,384.00
Indirect Construction Costs	\$ 4,847,251.25
Financing and Legal Fees	\$ 445,780.00
Developer Fee	\$ 2,200,000.00
Marketing and Rent-Up Costs	\$ 541,729.57
Construction Loan	\$ 21,203,841.16
Total	\$ 62,618,414.67

Staff is requesting City Council to consider a HOME-ARP Loan Agreement with Mulberry Gardens Senior, LP to provide a \$3,000,000 loan with a three percent (3%) simple interest for 55 years for the development of the Mulberry Gardens Senior project.

STRATEGIC PLAN ALIGNMENT:

The Project supports **Strategic Priority 2 – Community Well-Being**, specifically, Goal 2.1 – to facilitate the development of quality and diverse housing supply that is available and affordable to a wide range of income levels.

Adoption of this Resolution aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The City of Riverside has identified the creation and improvement of housing as one of the seven priority development areas to meet the greatest needs of residents in the City. Priorities are based on responses to annual Community Surveys conducted by the City through Community Ward Meetings, Post Card Surveys, and online. The information was gathered in specific focus groups and interviews with various organizations and service providers in the housing and community development field.
2. **Equity** – Pursuant to the Housing Community Act of 1974, the U.S. Department of HUD provides critical priority for the funding to ensure all eligible persons receive equitable access to services and are served with dignity, respect, and compassion regardless of the circumstances, ability, or identity.
3. **Fiscal Responsibility** – This item allows the City to leverage federal grants with other state and local funds to increase the stock of affordable housing in the City.
4. **Innovation** – This item will allow the City to capitalize on federal funding to meet ongoing and changing housing needs of low-to moderate income members of the community.
5. **Sustainability & Resiliency** – Riverside is committed to using HUD entitlement funds to promote sustainable community and economic development and projects to encourage community engagement and resiliency.

FISCAL IMPACT:

The total fiscal impact of this action is \$3,000,000. Upon Council approval, a budget adjustment will be recorded from the Home Investment Partnership Program Fund, HOME Unprogrammed Account 2520300-453001 to the Mulberry Gardens Senior Project Account 2520300-454303.

Prepared by:	Agripina Neubauer, Housing Project Manager
Approved by:	Michelle Davis, Housing and Human Services Director
Certified as to availability of funds: Treasurer	Kristie Thomas, Finance Director/Assistant Chief Finance Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachment: HOME-ARP Loan Agreement