



City of Arts & Innovation

City Council Memorandum

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 14, 2026

FROM: HOUSING AND HUMAN SERVICES WARD: 2

SUBJECT: FIRST AMENDMENT TO THE SUBRECIPIENT AGREEMENT FOR THE HOMELESS HOUSING, ASSISTANCE AND PREVENTION PROGRAM ROUND 2, 3, AND 4 WITH PATH OF LIFE MINISTRIES TO EXTEND THE ORIGINAL AGREEMENT TERM BY ONE ADDITIONAL YEAR, NOW EXPIRING ON JUNE 30, 2027, AND TO INCREASE THE AGREEMENT AMOUNT BY \$362,900 FOR AN UPDATED TOTAL AGREEMENT AMOUNT OF \$2,321,400

ISSUE:

Consider the First Amendment to the Subrecipient Agreement for the Homeless Housing Assistance and Prevention Program Round 2, 3, and 4 with Path of Life Ministries to extend the original Agreement term by one additional year, now expiring on June 30, 2027, and to increase the Agreement amount by \$362,900 for an updated Total Agreement Amount of \$2,321,400.

RECOMMENDATIONS:

That the City Council:

1. Approve the First Amendment to the Subrecipient Agreement for the Homeless Housing Assistance and Prevention Program Round 2, 3, and 4 with Path of Life Ministries to extend the original Agreement term by one additional year, now expiring on June 30, 2027, and to increase the Agreement amount by \$362,900 for an updated Total Agreement Amount of \$2,321,400; and
2. Authorize the City Manager, or designee, to execute the First Amendment with Path of Life Ministries including making minor and non-substantive changes.

BACKGROUND:

Path of Life Ministries (POLM) owns and operates a 90-bed community shelter, a 24-hour operation that includes three meals per day, a secure environment, and case management for each guest at 2840 Hulen Place. The partnership between POLM and the City of Riverside was established in 2005 when the shelter moved into the Hulen Campus, and an agreement and covenant against the property was recorded for 15 dedicated beds for the City of Riverside residents provided free of charge and the City is responsible for providing case management for these 15 individuals.

On July 25, 2025, the City executed a Subrecipient Agreement with POLM utilizing Homeless Housing, Assistance and Prevention (HHAP) Rounds 2, 3, and 4 funding in the amount of \$1,958,500 to support the operation of 45 emergency shelter beds for single adults and eight emergency shelter beds for transitional-aged dedicated to individuals experiencing homelessness in the City of Riverside.

From July 1, 2025, through May 31, 2026, POLM provided emergency shelter and supportive services to 394 individuals. During this period, 343 clients exited the program. The majority of exits, 258 individuals (75.22%), returned to a place not meant for human habitation. An additional 27 individuals (7.87%) exited to another emergency shelter, while 14 individuals (4.08%) exited to temporary living arrangements with family or friends. Twenty-one individuals (6.12%) exited to permanent housing destinations, including permanent placement with family, rental housing with or without ongoing subsidies, and homeownership with an ongoing housing subsidy.

While the permanent housing exit rate may appear modest, it is consistent with challenges experienced by emergency shelter providers throughout Southern California. Emergency shelters are increasingly serving individuals with complex needs, including chronic homelessness, serious mental illness, substance use disorders, physical health conditions, limited income, and lengthy histories of housing instability. Additionally, the region continues to face a severe shortage of affordable housing units and rental assistance resources. Rising rental costs and low vacancy rates create significant barriers for shelter participants seeking to secure permanent housing.

Despite these challenges, the shelter program provides critical stabilization services that serve as a foundation for future housing success. Participants receive case management, housing navigation, connections to healthcare and behavioral health services, assistance obtaining income and benefits, and referrals to treatment and supportive housing programs. These services help individuals address barriers to housing and improve long-term prospects for achieving permanent housing stability.

The City continues to work with service providers, housing partners, and Riverside County to expand access to affordable housing, housing subsidies, behavioral health services, and supportive housing resources to improve housing outcomes for individuals experiencing homelessness.

DISCUSSION:

To continue to meet the needs of individuals experiencing homelessness in the City of Riverside, staff recommend amending the agreement with POLM to increase the compensation by \$2,321,400 in Homeless Housing, Assistance and Prevention Round 4 grant funds. The additional funding will support the operation of 45 single adult shelter beds and eight (8) transitional-aged youth shelter beds from July 1, 2026, to June 30, 2027.

Under the proposed amendment, the bed-night rate will increase from \$100 to \$120. Inflation has significantly increased core operational and material costs associated with shelter operations. In addition, vendors have passed through fuel surcharges and increased material costs, resulting in cost increases ranging from 10 to 15 percent across multiple service categories. New and expanded expenses incurred by POLM include specialized professional services in the areas of cybersecurity and legal compliance, targeted hardening and security measures to protect vulnerable shelter spaces, and transportation-related fuel expenses to assist guests in accessing

benefits, housing appointments, healthcare services, and other critical resources.

A review of emergency shelter operating costs throughout Southern California found that bed-night rates for shelter and interim housing programs generally range from approximately \$80 to more than \$160 per bed-night, depending on facility ownership, level of services provided, staffing requirements, and operational model. At the proposed rate of \$120 per bed-night, Path of Life Ministries remains competitively priced within the regional market. Furthermore, because Path of Life owns and operates the shelter facility, the City avoids substantial capital, leasing, maintenance, and facility management costs that would otherwise be required to provide equivalent shelter capacity.

The proposed First Amendment to the Subrecipient Agreement will ensure the continued operation of 53 dedicated shelter beds for Riverside residents experiencing homelessness. Assuming an average length of stay of 60 days, POLM is expected to serve a minimum of 270 single adults and 48 transitional-aged youth during the contract term.

POLM is the only emergency shelter provider within the City of Riverside that serves single adults. Its specialized focus and extensive experience uniquely position the organization to meet this critical community need. Additionally, POLM owns and operates the facility at which the shelter services are provided, ensuring stable and dedicated shelter capacity. No other provider owns or controls an appropriate facility within the City capable of providing emergency shelter beds for single adults at a comparable scale.

Furthermore, POLM is the only organization able to provide the City with dedicated shelter beds reserved specifically for Riverside residents, ensuring immediate access and availability for individuals experiencing homelessness within the community. Failure to continue contracting with POLM would result in a significant reduction in emergency shelter capacity, limiting the City's ability to provide shelter, housing navigation, and supportive services to vulnerable residents and potentially increasing unsheltered homelessness and related public safety impacts.

Purchasing Overview

On July 15, 2025 the City Council approved the original Agreement for Path of Life Ministries for one year for a total amount of \$1,958,500 for the Emergency Shelter Program operating costs for 45 single adult shelter beds and eight (8) transitional aged youth shelter beds.

Procurement for this was originally obtained via a Single Source. The department now wishes to extend the agreement by one year and increase the contract amount by an additional \$362,900 for a new total contract amount of \$2,321,400 to continue ongoing operations.

This action is pursuant to Purchasing Resolution 24101, Section 702 states that, "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances, ... (d) When the Procurement can only be obtained timely from a single source and the Manager is satisfied that the best price, terms and conditions for the Procurement thereof have been negotiated."

The Purchasing Manager concurs that the recommended action is compliant with Purchasing Resolution 24101.

FISCAL IMPACT:

The total fiscal impact of the actions of this report is a total of \$362,900 over a one-year term. Sufficient funds for the amended agreement are budgeted and available in the Development Grants Fund, HHAP 4 State Operating Grant account 9347580-440210.

Prepared by: Shaleah Thomas, Administrative Analyst
Approved by: Michelle Davis, Housing and Human Services Director
Certified as to
availability of funds: Julie Nemes, Interim Finance Director
Approved by: Edward Enriquez, Acting City Manager
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. First Amendment to Subrecipient Agreement for the Homeless Housing, Assistance and Prevention Program Round 2, 3, and 4 with Path of Life Ministries