



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 20, 2025

FROM: HOUSING AND HUMAN SERVICES WARD: 7

SUBJECT: HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN AGREEMENT IN THE AMOUNT OF \$1,508,234 BY AND BETWEEN THE CITY OF RIVERSIDE AND SUNRISE AT BOGART, LP FOR THE DEVELOPMENT OF 22 PERMANENT SUPPORTIVE HOUSING UNITS AND A MANAGER’S UNIT LOCATED AT 11049 BOGART AVENUE AND AMENDMENTS TO THE PROHOUSING INCENTIVE PILOT PROGRAM AND PERMANENT LOCAL HOUSING ALLOCATION LOAN AGREEMENTS TO UPDATE THE AFFORDABILITY PERIOD DEFINITION AND ADD A PROCESS TO ADDRESS POSSIBLE LOSS OR REDUCTION OF RENTAL SUBSIDIES

ISSUES:

1. Approval of a HOME Investment Partnerships Program Loan Agreement with Sunrise At Bogart, LP for \$1,508,234 of HOME Investment Partnerships Program funds to be used for the development of 22 permanent supportive housing units and a manager’s unit located at 11049 Bogart Avenue; and
2. Approval of first amendments to the Prohousing Incentive Pilot Program Agreement and Permanent Local Housing Allocation Agreement to update the affordability period definition to “the period commencing upon the issuance of the Certificate of Occupancy or the recordation of the NPLH Regulatory Agreement, whichever is later, and terminating on the fifty-fifth (55th) anniversary thereof” and add a process to address possible loss or reduction of rental subsidies.

RECOMMENDATIONS:

That the City Council:

1. Approve a HOME Investment Partnerships Program Loan Agreement with Sunrise at Bogart, LP for \$1,508,234 of HOME Investment Partnerships Program funds to be used for the development of 22 permanent supportive housing units and a manager’s unit located at 11049 Bogart Avenue;
2. Approve an amendment to the Prohousing Incentive Pilot Program loan agreement with Sunrise At Bogart, LP to update the affordability period definition to “the period commencing upon the issuance of the Certificate of Occupancy or the recordation of the NPLH Regulatory Agreement, whichever is later, and terminating on the fifty-fifth (55th) anniversary thereof” and add a process to address loss or reduction of rental subsidies.

3. Approve an amendment to the Permanent Local Housing Allocation Agreement to update the affordability period definition to “the period commencing upon the issuance of the Certificate of Occupancy or the recordation of the NPLH Regulatory Agreement, whichever is later, and terminating on the fifty-fifth (55th) anniversary thereof” and add a process to address possible loss or reduction of rental subsidies; and
4. Authorize the City Manager, or designee, to execute the HOME Investment Partnerships Program, First Amendments to the Prohousing Incentive Pilot Program and Permanent Local Housing Allocation loan agreements, and related documents, including making minor and non-substantive changes.

BACKGROUND:



On March 14, 2019, the City of Riverside Housing Authority received an over-the-counter application from Neighborhood Partnership Housing Services, Inc. (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 October 19, 2019, California Assembly Bill 1486 Surplus Land (AB-1486) was enacted. This bill required in part, that any local agency when disposing of surplus land, offer it first for sale or lease for the purpose of developing low- to moderate-income housing.

In accordance with AB 1486 the land at 11049 Bogart Avenue was declared Exempt Surplus on June 13, 2023. On July 18, 2023, the City released a new Request for Proposals (RFP) for the development of the Property, which was open for 60 days. The City received only one proposal under this RFP, from NPHS for the Sunrise at Bogart Project. The City entered into a Disposition and Development Agreement with Neighborhood Partnership Housing Services, Inc. (NPHS) on April 18, 2024.

On March 25, 2025, City Council approved a Permanent Local Housing Allocation loan agreement in the amount of \$380,562 and a Prohousing Incentive Pilot Program loan agreement in the amount of \$1,440,000 with Sunrise At Bogart, LP, a limited partnership owned and operated by NPHS for the development of the Sunrise At Bogart project.

DISCUSSION:

To fill the Sunrise at Bogart existing funding gap, staff is recommending allocating \$1,508,234 of HOME Investment Partnerships Program funds. The City of Riverside is a HOME Entitlement Jurisdiction and receives a formula-based allocation of HOME funds each year. At least 15% of these HOME funds must be set aside for Community Development Housing Organizations (CHDO). A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. To qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. Neighborhood Partnership Housing Services Inc. has submitted the necessary documentation to be certified as a CHDO and is qualified to receive HOME CHDO set aside funds.

When underwriting HOME Program funding application for 11 HOME-assisted units, the HOME Program regulations require staff to obtain all funding commitments prior to entering into an agreement for HOME funds. Sunrise At Bogart, LP has submitted commitment letters or funding agreements for its other funding sources and staff is now able to proceed with presenting the HOME Loan Agreement to City Council for consideration.

The total development cost for the project is \$21,073,835. Sunrise At Bogart Sources and Uses are included as Attachment 1.

This project has received No Place Like Home (NPLH) funds from the State of California Housing and Community Development (HCD) Department that is passed through Riverside University Health Systems – Behavioral Health. NPLH funds require that the 55-year affordability period begin on the date the NPLH Regulatory Agreement is recorded. The City PIP and PLHA loan documents used the issuance of the Certificate of Occupancy as the beginning of the affordability period. Banner Bank, the construction loan issuer, has requested that all loan documents use the same terms for the affordability period. The PIP and PLHA amendments would update the Regulatory Agreements and associated language throughout the city loan documents to use the following language:

“Affordability Period” means the period commencing upon the issuance of the Certificate of Occupancy or the recordation of the NPLH Regulatory Agreement, whichever is later, and terminating on the fifty-fifth (55th) anniversary thereof.

Banner Bank has also requested that the PIP and PLHA amendments include additional language to allow for a process to change the affordability requirements in the event of a loss or reduction in rental subsidies. The project will be receiving federal Section 8 Project Based Vouchers from Riverside County. The proposed process to address possible loss or reduction of rental subsidy is as follows:

City agrees that, upon Owner’s written request, with supporting documentation, following a loss or reduction in rental subsidies, or a foreclosure of any approved financing, or deed in lieu thereof, that render(s) the Project financially unfeasible, and upon City’s prior written approval, which will not be unreasonably withheld, the maximum tenant household income and maximum annual rent for PLHA Assisted Units may be increased to amounts necessary to make operation of the Project financially feasible as determined by the Owner, including the payment of all required operating costs and debt service, but in no

event may (a) the maximum tenant income limitation exceed 60 percent of AMI or, (b) the maximum annual rent limitation exceed 30 percent of 60 percent of AMI.

FISCAL IMPACT:

The total fiscal impact of this action is up to \$1,508,234. HOME CHDO set aside funds in the amount of \$1,508,234 are available in the Home Fund, HOME Projects, Unprogrammed Account No. 2520300-453001.

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: Rebecca McKee-Reibold, Interim City Attorney

Attachments:

1. Sunrise At Bogart Sources and Uses
2. Sunrise At Bogart, LP HOME Funding Agreement
3. Sunrise At Bogart, LP PIP 1st Amendment to the Funding Agreement
4. Sunrise At Bogart, LP PLHA 1st Amendment to the Funding Agreement