



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MARCH 28, 2023**

FROM: OFFICE OF HOMELESS SOLUTIONS **WARD: 1**

SUBJECT: RESOLUTION AUTHORIZING A JOINT APPLICATION WITH THE CITY OF RIVERSIDE AND EDEN HOUSING, INC. FOR AN AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES GRANT IN THE AMOUNT OF \$50 MILLION FOR THE DEVELOPMENT OF THE MULBERRY GARDEN FAMILY APARTMENTS LOCATED AT 2524 MULBERRY STREET AND ASSOCIATED SUSTAINABLE TRANSPORTATION INFRASTRUCTURE PROJECTS

ISSUE:

Adopt a Resolution authorizing a joint application with the City of Riverside and Eden Housing, Inc. for an Affordable Housing and Sustainable Communities grant in the amount of \$50 million for the development of the Mulberry Garden Family Apartments located at 2524 Mulberry Street and associated Sustainable Transportation Infrastructure projects.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution authorizing a joint application with the City of Riverside and Eden Housing, Inc. for an Affordable Housing and Sustainable Communities grant in the amount of \$50 million for the development of the Mulberry Garden Family Apartments located at 2524 Mulberry Street and associated Sustainable Transportation Infrastructure projects; and
2. Authorize the City Manager, or designee, to sign any documents that may be required for the submittal of the Affordable Housing and Sustainable Communities application, including making minor and non-substantive changes.

BACKGROUND:

In March 2022, the Housing Authority received an over-the-counter funding proposal from Eden Housing, Inc. for the Mulberry Garden Apartments, a 209-unit family and senior affordable housing community to be located at 2524 Mulberry Street (Project). The proposed project will consist of 150 units of affordable family housing and 59 units of affordable senior housing that will be developed in two phases.

On May 5, 2022, the State of California released the Excess Sites Local Government Matching Grants (LGMG) Program Notice of Funding Availability (NOFA). LGMG allows projects selected in accordance with Executive Order N-06-19 to apply for funds for activities to enable affordable housing developments on excess state-owned property (Excess Sites).

On May 24, 2022, the City adopted a Resolution to support Eden Housing's application for LGMG funds with a soft commitment of \$3,000,000 in HOME Investment Partnerships Act-ARP (HOME-ARP) funds to support the senior units at the Mulberry Garden Apartments.

Eden Housing was awarded \$4,362,060 in LGMG funds for the development of two affordable housing projects at Mulberry Garden Apartments, \$3,381,640 for the senior apartments and \$980,420 for the multi-family apartments.

DISCUSSION:

On January 30, 2023, the State of California released a NOFA for Affordable Housing and Sustainable Communities (AHSC) Round 7 funds. The AHSC Program is administered by the California Strategic Growth Council (SGC), and the Department of Housing and Community Development (HCD) will implement the transportation, housing and infrastructure components of the AHSC Program. The AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas (GHG) emissions.

City staff and Eden Housing are recommending applying for \$50 million in AHSC funding to support the development of the Mulberry Gardens Family Apartments and Sustainable Transportation Infrastructure (STI) projects that will include the surrounding neighborhood within a 1-mile radius. These projects will include safe pedestrian access along Spruce Street, Mulberry Street, and the surrounding streets through improvements such as concrete sidewalks, high visibility crosswalks, class III bikeways, LED flashing stop signs, radar speed feedback signs, and audible pedestrian signals. The AHSC grant is meant to fund a cohesive project package that links housing density and local transit with the goal of reducing localized greenhouse gas emissions.

The Mulberry Gardens Family Apartments will consist of 24 extremely low-income (at or below 30% of Area Median Income (AMI)) units, 91 very low-income (at or below 50% of AMI) units, 34 low-income (at or below 60% of AMI) units, and one manager unit.

The City must be a joint applicant for the AHSC funds as it oversees rights of way, legal authority, and infrastructure planning and development capability for sidewalks and bike lanes on local streets in the Project's sphere of influence that are critical to AHSC awards. The AHSC program guidelines state that a joint applicant will be "jointly and severally liable" for the completion of the Project. However, the program guidelines allow the joint applicants to execute indemnification agreements to apportion and minimize the risk to the public agency.

If awarded, the \$50 million AHSC grant will be allocated as follows:

STI projects (Eden Housing and City's Public Works) – grant	\$15,000,000
Affordable housing development (Eden Housing) - loan	\$35,000,000
Total AHSC Application	\$50,000,000

Although the City is a co-applicant for the entire AHSC application, the parties recognize that the City will only be actively utilizing transit funds and the housing funds will go directly to Eden Housing as permanent financing for the Project. If the AHSC funds are awarded, the City will draft an indemnification agreement that specifies the duties of each entity, defines the activities timelines and performance outcomes, and mitigate risk to be presented to City Council for their consideration.

STRATEGIC PLAN ALIGNMENT:

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

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The City of Riverside has identified the need for affordable housing as a priority need in the City’s Housing Element. 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** – The Project ensures that all eligible persons receive equitable access to housing and are served with dignity, respect, and compassion regardless of their circumstances, ability, or identity.
3. **Fiscal Responsibility** – There is no fiscal impact to the City General Fund associated with this project. This project allows the City to utilize a state budget appropriation to build low-income housing to create economic stability for extremely low-income City residents.
4. **Innovation** – The Project will allow the City to capitalize on new and changing funding sources in partnership with state programs to meet ongoing and changing needs of low-income members of the community.
5. **Sustainability & Resiliency** – The Project promotes a sustainable community and economic development projects to encourage community engagement and resiliency.

FISCAL IMPACT:

There is no fiscal impact associated to this report.

Prepared by:	Michelle Davis, Housing Authority Manager
Certified as to availability of funds:	Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/Treasurer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Phaedra A. Norton, City Attorney

Attachment: AHSC Grant Resolution