



Legislation Details (With Text)

File #: ID 24-790 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 5/30/2024 **In control:** City Council

On agenda: 6/20/2024 **Final action:** 6/20/2024

Title: Approve a First Amendment to the Permanent Local Housing Allocation (PLHA) Agreement with Housing Authority of the City of Fresno in the amount of \$3,000,000 for the pre-development and construction of the Heritage Estates homeownership development project located at East Florence Avenue and South Plumas Street in Southwest Fresno, California (District 3)

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. 24-790 First Amendment to the PLHA Agreement with Housing Authority of the City of Fresno, 2. 24-790 PLHA Agreement with Housing Authority of the City of Fresno

Date	Ver.	Action By	Action	Result
6/20/2024	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

FROM: JENNIFER CLARK, Director
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SUBJECT

Approve a First Amendment to the Permanent Local Housing Allocation (PLHA) Agreement with Housing Authority of the City of Fresno in the amount of \$3,000,000 for the pre-development and construction of the Heritage Estates homeownership development project located at East Florence Avenue and South Plumas Street in Southwest Fresno, California (District 3)

RECOMMENDATION

Staff recommends the City Council approve the First Amendment to a Permanent Local Housing Allocation (PLHA) Agreement with the Housing Authority of the City of Fresno in the amount of \$3,000,000 for the pre-development and construction of the Heritage Estates homeownership development project located at East Florence Avenue and South Plumas Street in Southwest Fresno.

EXECUTIVE SUMMARY

The Heritage Estates homeownership development project is a proposed subdivision consisting of 33 single-family homes located on the south side of the intersection of East Florence Avenue and South Plumas Street in Southwest Fresno (Project). Approving the First Amendment to the PLHA Agreement with Housing Authority of the City of Fresno (Housing Authority) in the amount of \$3,000,000 will facilitate the pre-development and construction of the Project. The total cost of the proposed development is estimated at \$13,316,107 and the projected construction completion date is December 2026.

BACKGROUND

The Heritage Estates Project is a proposed subdivision consisting of 33 single-family homes located on approximately 7.71 acres of vacant land at the south side of the intersection of East Florence Avenue and South Plumas Street, between South Walnut and South Fruit Avenues, and further identified as Assessor Parcel Number 477-060-04T (Property). The Property was purchased by the Housing Successor Agency to the City of Fresno Redevelopment Agency (Housing Successor Agency) for affordable housing development and is listed in the 2020-2024 Consolidated Plan to HUD as adopted by City Council on May 21, 2021. In addition, the site is listed as a site available for development of affordable housing in the City's 2015-2023 Housing Element of the Fresno General Plan, adopted by Council on April 13, 2017.

In accordance with the Consolidated Plan and the Housing Element, the site is for the exclusive use of affordable housing purposes in an effort to assist the City in expanding its affordable housing stock. On November 15, 2023, the City of Fresno, acting as the Lead Agency, approved the Final Tract Map, Civil Plans, and the environmental findings and assessment prepared for the project.

On January 18, 2024, City Council approved the PLHA Agreement with Housing Authority in the original amount of \$3,062,689, for the construction of single-family housing, as outlined in the Council-approved PLHA Five Year Plan. Of the 33 subdivision units, 25 units were originally set aside to be PLHA-assisted and preserved as very low- and low-income housing to households earning 50% to 80% AMI.

If approved as recommended, the First Amendment to the PLHA Agreement will reduce the PLHA loan amount to \$3,000,000 and will increase the PLHA-assisted units to 30 units. Further, the total cost of the proposed development is now estimated at \$13,316,107 and the projected construction completion date is December 2026.

The Heritage Estates Project is an opportunity to provide new, affordable in-fill housing on underutilized vacant land in southwest Fresno. The Project's 33 single-family homes will increase the City's housing stock, bringing the City closer to meeting its affordable housing goals and objectives as outlined in the One Fresno Housing Strategy, 2020-2024 Consolidated Plan, and Housing Element of the 2035 General Plan. Further, the proposed subdivision will make a positive impact on the neighborhood and surrounding area by increasing homeownership, encouraging neighborhood revitalization, promoting sustainable and equitable development, and improving the overall well-being of the city.

The City Attorney's Office has reviewed and approved as to form the attached First Amendment to Permanent Local Housing Allocation (PLHA) Agreement.

ENVIRONMENTAL FINDINGS

Staff prepared a Mitigated Negative Declaration for the Heritage Estates Project, identified as Environmental Assessment No. T-6392/P23-02692, which was adopted by Planning Commission on November 15, 2023. The Mitigated Negative Declaration analyzed several components of the Heritage Estates Project, including but not limited to development of 33 single-family homes, a 0.25 acre neighborhood park, and the installation of corresponding utilities and facilities such as streets, curb, gutters, sidewalks, lighting, and landscaping.

An analysis has been performed pursuant to CEQA Guidelines Section 15162 to determine whether subsequent environmental review is required for this project. Based upon this analysis, the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the project which will require major revisions to the Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There have been no changes proposed and this approval is to implement a portion of the project.
2. No substantial changes occurred with respect to the circumstances under which the project is undertaken which will require major revisions to the Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. No changes are being proposed.
3. There is no new information, which was not known and could not have been known at the time of the previous Mitigated Negative Declaration showing that:
 - a) The project will have one or more significant effects not discussed in the previous Mitigated Negative Declaration;
 - b) Significant effects previously examined will be substantially more severe than shown in the previous Mitigated Negative Declaration;
 - c) Mitigation measures or alternatives previously found to be not feasible are now feasible and would substantially reduce one or more significant effects of the project.
 - d) There are no mitigation measures which are considerably different from those analyzed in the previous Mitigated Negative Declaration which would substantially reduce one or more significant effects on the environment.

Based upon these findings, it has been determined that no additional environmental analysis is required.

LOCAL PREFERENCE

Local preference was not considered because the action today does not include a bid or award of a construction services contract.

FISCAL IMPACT

This project is located in Council District 3 and will not impact the General Fund. The PLHA Program funds for the proposed Heritage Estates project are appropriated in the 2024 Planning and Development Department fiscal year Budget.

Attachments:

1. First Amendment to PLHA Agreement with Housing Authority of the City of Fresno
2. PLHA Agreement with Housing Authority of the City of Fresno