



Legislation Details (With Text)

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Title: Actions pertaining to a Grant Agreement funded by Encampment Resolution Funding (ERF-2R) between City of Fresno and Divisadero Prime LLC:
 1. Adopt a finding of Categorical Exemption, pursuant to Section 15332 of the California Environmental Quality Act (CEQA) Guidelines, Environmental Assessment Number P24-01882 for construction of an affordable multifamily residence; and
 2. Approve a \$1,000,000 Encampment Resolution Funding (ERF) grant agreement with Divisadero Prime, LLC for the construction of 20 affordable housing units for those experiencing homelessness

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. CEQA Environmental Assessment, 2. ERF Grant Funding Agreement with Divisadero Prime LLC

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

REPORT TO THE CITY COUNCIL

FROM: JENNIFER CLARK, Director
 Planning and Development Department

PHIL SKEI, Assistant Director
 Planning and Development Department

BY: KRISTINE LONGORIA, Project Manager
 Housing and Community Development Division

SUBJECT

Actions pertaining to a Grant Agreement funded by Encampment Resolution Funding (ERF-2R) between City of Fresno and Divisadero Prime LLC:

1. Adopt a finding of Categorical Exemption, pursuant to Section 15332 of the California Environmental Quality Act (CEQA) Guidelines, Environmental Assessment Number P24-01882 for construction of an affordable multifamily residence; and
2. Approve a \$1,000,000 Encampment Resolution Funding (ERF) grant agreement with Divisadero Prime, LLC for the construction of 20 affordable housing units for those experiencing homelessness

RECOMMENDATION

Staff recommends the City Council:

1. Adopt a finding of Categorical Exemption, pursuant to Section 15332 of the California Environmental Quality Act (CEQA) Guidelines, Environmental Assessment Number P24-01882
2. Approve the \$1,000,000 ERF Grant Agreement (Exhibit A-ERF Agreement) with Divisadero Prime, LLC for the construction of 20 factory-built affordable housing units for encampment eligible individuals who are experiencing homelessness and authorize the City Manager, or her designee, to sign all implementing agreement documents.

EXECUTIVE SUMMARY

On February 26, 2024, The Planning and Development Department, Housing Production Division released a Notice of Funding Availability (NOFA) requesting proposals from development organizations to construct affordable housing units. Divisadero Prime was the sole response received and selected to enter into a Grant Funding Agreement with the City to provide \$1,000,000 from ERF-2R Funding. As part of the funding agreement, Divisadero Prime will provide permanent affordable housing for individuals within the City of Fresno in the form of factory-built homes consisting of 20, 288 square foot affordable housing units to encampment eligible individuals to be placed at 510 E Divisadero Fresno, Ca 93721.

BACKGROUND

On February 23, 2023 City Council adopted Resolution No. 2023-039 authorizing the department to submit a grant application to the California Interagency Council on Homelessness (CAL-ICH) for funding under the ERF-2R program for services that resolve the experience of unsheltered homelessness for people residing in the encampment and transition individuals into interim shelter with clear pathways to permanent housing.

On June 14, 2023 the City was awarded \$17,000,000 from the ERF-2R program to resolve the existing state encampment area in downtown Fresno where unsheltered residents from across the City were continuing to relocate. These funds support interim shelter operations, bridge housing, the development of tiny home villages and affordable housing for individuals that are in the ERF-2R encampment area.

On February 26, 2024, the City released a Notice of Funding Availability (Bid File No.: 1202087) for bids to construct a minimum of 20 affordable housing units for encampment eligible individuals with the assistance of the City providing up to \$1,000,000 dollars in ERF-2R grant funds.

On May 6, 2024, the City awarded the bid to Divisadero Prime, LLC, of Fresno. Divisadero Prime was the sole responsible bidder for a project consisting of 20 affordable housing units to be constructed on a vacant parcel, APN# 465-020-02. The vacant parcel is land owned by developer, located at 510 E Divisadero, Fresno, Ca 93721. The agreement, if approved, will provide \$1,000,000 of the City's ERF-2R funds to assist with the construction and on and off-site improvements for the affordable housing project.

Divisadero Prime proposes to develop a minimum of 20 units of new affordable rental housing, restricted to households with average incomes of no more than 60% of Area Median Income (AMI) with a minimum of 30% of units supporting households with an average income of no more than 30% AMI. Each factory-built unit will be a minimum of 288 sq ft with a kitchen, bathroom, and

sleeping/living area.

The use of the ERF-2R funding for the construction of affordable housing is an eligible use of funds under the program as it provides permanent housing and helps to resolve homelessness.

Divisadero Prime will work in cooperation with the Planning and Development Department, Housing and Community Development Division to complete the development project.

ENVIRONMENTAL FINDINGS

Staff has performed a preliminary environmental assessment of this project and has determined this project falls within the Class 32 (in-fill) categorical exemption set forth in Section 15332 of the California Environmental Quality Act (CEQA) because the project meets all of the criteria of an in-fill development in an urban area.

LOCAL PREFERENCE

Local preference is not applicable because of the use of State funds.

FISCAL IMPACT

The agreement will be funded through the City's ERF allocations.

Attachments:

1. CEQA Environmental Assessment
2. ERF Grant Funding Agreement with Divisadero Prime, LLC