



Legislation Details (With Text)

File #: ID 24-789 **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 revised Regulatory Agreement and Declaration of Restrictive Covenants between the City of Fresno and Valley Teen Ranch and for the benefit as a third-party beneficiary the State of California Department of Housing and Community Development for the Homekey 3 Welcome Home project located at 6507 North Polk Avenue, Fresno, California (District 2)

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Revised Regulatory Agreement and Declaration of Restrictive Covenants

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

REPORT TO THE CITY COUNCIL

FROM: JENNIFER CLARK, Director
Planning and Development Department

PHIL SKEI, Assistant Director
Planning and Development Department

BY: JENNIFER DAVIS, Senior Management Analyst
Housing Finance Department

SUBJECT

Approve a revised Regulatory Agreement and Declaration of Restrictive Covenants between the City of Fresno and Valley Teen Ranch and for the benefit as a third-party beneficiary the State of California Department of Housing and Community Development for the Homekey 3 Welcome Home project located at 6507 North Polk Avenue, Fresno, California (District 2)

RECOMMENDATIONS

Staff recommends the City Council approve a revised Regulatory Agreement and Declaration of Restrictive Covenants between the City of Fresno and Valley Teen Ranch and for the benefit as a third-party beneficiary the State of California Department of Housing and Community Development for the Homekey 3 Welcome Home project located at 6507 North Polk Avenue.

EXECUTIVE SUMMARY

The Welcome Home Project will provide 96 units of permanent affordable housing in northwest

Fresno (Project) and will be funded primarily through the State of California Department of Housing and Community Development (HCD) Homekey 3 program, with the City and Valley Teen Ranch (Developer) contributing additional funds. On March 19, 2024, as a result of the Project receiving an award of Homekey 3 program funds from HCD, the City and the Developer entered into a Standard Agreement with HCD in the amount of \$21,983,607 for the Project. The Standard Agreement contains various performance milestones that require timely completion, including the execution and recordation of an Affordability Covenant against the Project real property.

Approving the revised Regulatory Agreement and Declaration of Restrictive Covenants (Affordability Covenant) between the City of Fresno and Valley Teen Ranch and for the benefit as a third-party beneficiary the State of California Department of Housing and Community Development provides for compliance with the Affordability Covenant performance milestone contained within the Standard Agreement.

BACKGROUND

In March 2023, the State of California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability for Homekey 3 (NOFA). On April 27, 2023, City Council adopted Resolution 2023-109 authorizing a Homekey 3 joint application with Valley Teen Ranch (Developer) for the Welcome Home Project. In addition, on April 27, 2023, City Council adopted Resolution 2023-110 expressing an intent to contribute up to \$2.8 million for the project, subject to the full allocation of Homekey 3 funds. In May 2023, the City jointly applied for Homekey 3 grant funds with the Developer, and on September 26, 2023, the City and Developer were notified by HCD that program funds in the amount of \$21,983,607 were awarded to the Project.

On October 19, 2023, City Council authorized acceptance of Homekey 3 program funding from the HCD in the amount of \$21,983,607 for the Welcome Home Project with Valley Teen Ranch, to be used for eligible acquisition, pre-development, and construction costs. On that same date, City Council approved a Memorandum of Understanding with Valley Teen Ranch relating to the Welcome Home Project and the HCD Homekey 3 program funds.

On March 19, 2024, City staff received a fully executed Standard Agreement from HCD for the Project. The Standard Agreement contains various performance milestones, including the recordation of an Affordability Covenant against the Project real property in accordance with Homekey Guidelines, the NOFA, and the Standard Agreement. The Affordability Covenant will impose use, operation, occupancy, and affordability restrictions on the real property and improvements; and incorporates the Homekey Program requirements. To meet the performance milestone, the Affordability Covenant must be recorded against the Project real property within 90 days from the execution of the Standard Agreement, on or before June 19, 2024.

On May 2, 2024, City Council approved the original Regulatory Agreement. On May 15, 2024, HCD requested a revision to that original Regulatory Agreement to include the target population and unit mix of the Project. The approximate completion date of the Welcome Home Project is October 2024. Once completed, the Project will bring the City closer to achieving 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.

The City Attorney's Office has reviewed and approved as to form the attached revised Regulatory Agreement and Declaration of Restrictive Covenants.

ENVIRONMENTAL FINDINGS

Staff has determined this Project falls within the Categorical Exemption set forth in CEQA Guidelines Section 15268 (Ministerial Projects) which exempts qualifying supportive housing projects pursuant to Assembly Bill (AB) 2162 (Gov. Code Sec. 65650 et seq.). Ministerial projects approved by public agencies are not subject to CEQA (Pub. Res. Code Sec. 21080(b)(1)).

LOCAL PREFERENCE

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

FISCAL IMPACT

There is no impact to the City's General Fund as a result of this action.

Attachment:

- Revised Regulatory Agreement and Declaration of Restrictive Covenants