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Title: Approve a \$300,000 Encampment Resolution Funding (ERF-2R) agreement with Fresno Housing Authority, for construction improvements at the Promesa Commons project.

Sponsors: Planning and Development Department

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Attachments: 1. 24-614 FHA-Promesa-Agreement

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

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SUBJECT

Approve a \$300,000 Encampment Resolution Funding (ERF-2R) agreement with Fresno Housing Authority, for construction improvements at the Promesa Commons project.

RECOMMENDATION

Staff recommends the City Council approve a \$300,000 ERF-2R agreement with Fresno Housing Authority which will be utilized for construction improvements associated at 1101 Parkway Drive, Fresno, CA 93728 (Promesa Commons).

EXECUTIVE SUMMARY

The project is estimated at \$600,000.00 for completion of required drainage infrastructure along Olive Avenue on the east side of Highway 99. If approved, the City would split the cost of this infrastructure with the Fresno Housing Authority inasmuch as the infrastructure not only serves the Promesa Commons project but will be necessary to support future housing units on Parkway Drive which the City plans to help facilitate. The use of ERF-2R funds will result in two Promesa Commons

units being restricted to individuals who experienced unsheltered homelessness in the Downtown encampment area and earn between 0% to 50% of the Area Median Income.

BACKGROUND

On June 18, 2021, the Housing and Community Development Division released a 2021-2022 NOFA for HOME, CHDO, and PLHA funding for the development of affordable housing. In response to the NOFA, the City received 11 applications, of which five were initially selected for recommendation to receive HOME or PLHA Program funds. One of the recommended projects selected for funding was the Fresno Housing Authority's Promesa Commons project formerly known as Sun Lodge, which received an allocation of 2021 tax credits. The project consists of the rehabilitation of the existing 98 units and transition into a 64-unit affordable housing project.

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

On June 14, 2023, California Interagency Council on Homelessness (CAL-ICH) awarded the City \$17,000,000 to fund actionable, person-centered local proposals that resolve the experience of unsheltered homelessness for people residing in encampments. Resolving the experience of homelessness will necessarily address the safety and wellness of people within the encampments and provide a clear pathway to permanent housing.

On April 20, 2023, City Council adopted Resolution 2023-097 authorizing the City to jointly apply for Homekey Round 3 grant funds in an amount not to exceed \$15,000,000 with Fresno Mission Communities, Inc., (Fresno Mission) for the acquisition, rehabilitation, and operation of the property located at 3876 North Blackstone Avenue (Property) for the City Studios Project consisting of the conversion of a 44-room motel into 34 units of permanent affordable housing for qualified individuals and youth experiencing or at risk of homelessness (Project). On May 16, 2023, the City submitted the joint application in response to the NOFA for Homekey grant funds.

On February 14, 2024, HCD issued an Award letter to the City and Fresno Mission announcing a Homekey Round 3 Award in the amount of \$9,598,131 for the Project. Included in the Project budget is reimbursement of the ERF-2R funds used to acquire the Property. City Staff received confirmation from CAL-ICH that the reimbursed funds are available to fund additional activities consistent with the ERF-2R program and that expenses associated with permanent affordable housing construction are an eligible activity.

ENVIRONMENTAL FINDINGS

On June 25, 2021, the City of Fresno adopted a finding that the proposed project is categorically exempt from the requirements of California Environmental Quality Act (CEQA) pursuant to Class 32/Section 15332 (Infill) of State CEQA Guidelines. None of the exceptions to the exemptions set forth in section 15300.2 have occurred. The project has not changed and as such no further assessment under CEQA is required at this time.

LOCAL PREFERENCE

Local preference is not applicable due to the use of state funds.

FISCAL IMPACT

The agreement will not affect the General Fund. The agreement will be funded through the City's ERF-2R allocations.

Attachment: FHA-Promesa-Agreement