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Title: *** RESOLUTION - To support FCTC Family II, LP's Low-Income Housing Tax Credit Application for the development of Sarah's Court Phase II and to provide a conditional commitment of HOME Investment Partnerships Program loan funds in an amount not to exceed \$3 million to the Project (Subject to Mayor's veto)

Sponsors: Planning and Development Department

Indexes:

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Attachments: 1. 24-778 Exhibit A - HOME RESOLUTION

| 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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THROUGH: PHIL SKEI, Assistant Director
Planning and Development Department

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SUBJECT

*** RESOLUTION - To support FCTC Family II, LP's Low-Income Housing Tax Credit Application for the development of Sarah's Court Phase II and to provide a conditional commitment of HOME Investment Partnerships Program loan funds in an amount not to exceed \$3 million to the Project (Subject to Mayor's veto)

RECOMMENDATIONS

Staff recommends the City Council approve the HOME Investment Partnerships (HOME) Program Resolution (Exhibit A - HOME Resolution) for proposed funding in an amount not to exceed \$3 million for predevelopment and construction costs.

EXECUTIVE SUMMARY

If approved as recommended, FCTC Family II, LP, (Developer) will receive a Resolution for conditional HOME funding in an amount not to exceed \$3 million for predevelopment and

construction costs of the project upon receipt of a Reservation Letter from the California Tax Credit Allocation Committee (CTCAC) for second round 9% Low-Income Housing Tax Credits (LIHTC) to the project in sufficient amount to commence development and construction of the project by March 2025. The estimated project cost is \$38,480,855. Sarah's Court Phase II will consist of 120 affordable housing units and will sit immediately north of the Sarah's Court Phase I project which is currently underway at the Fancher Creek Master Plan Development.

BACKGROUND

On May 19, 2023, the Community Development Division released a 2023-2024 Notice of Funding Availability (NOFA) for the creation of new affordable housing or substantial rehabilitation of existing housing. In response to the NOFA, the City received several applications, one of which was for the Sarah's Court Phase II project. In accordance with the City of Fresno Better Business Act (Act), the proposed funding was offered through a NOFA and is therefore not subject to the Act process.

On February 1, 2024, the Council approved a HOME funding Resolution in an amount not to exceed \$3 million for predevelopment and hard construction costs. The HOME Resolution was to provide for the Developer to submit a first-round LIHTC application for 9% tax credits. However, the first round was oversubscribed requiring the developer to submit a second round 9% LIHTC application.

Upon receipt of a Reservation Letter from the California Tax Credit Allocation Committee for the second round of 9% LIHTC funding to the project, staff will return to Council for consideration of a HOME loan agreement in an amount not to exceed \$3 million as provided for in the Resolution.

The total development cost is estimated at \$38,480,855: \$2.2 million deferred developer fees; \$5,453,200 investor equity; \$447,116 in operating reserves; \$2.4 million Community Development Block Grant loan (approved by Council on February 1, 2024); \$24,980,539 construction loan, and the proposed \$3 million HOME loan.

The Sarah's Court Phase II project will consist of a 120-unit mix of bedroom sizes that will range from 610 square feet for a 1bed/1bath unit, 875 square feet for a 2bed/2bath unit, and 1,140 square feet for a 3bed/2bath unit. Proposed project rents will range from \$392 to \$1,268 per unit, per month, depending on bedroom size and location.

ENVIRONMENTAL FINDINGS

This item is not a project for the purposes of the California Environment Quality Act.

On March 17, 2022, the U.S. Department of Housing and Urban Development issued authorization to use federal funds for the project.

LOCAL PREFERENCE

Local preference is not applicable because of the use of federal funding.

FISCAL IMPACT

The HOME Program funds for the proposed Sarah's Court Phase II project were appropriated to the Planning and Development Department as part of its fiscal year 2024 Budget.

Attachment:

Exhibit A - HOME Resolution