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**Title:** Actions pertaining to the HOME Investment Partnerships, Community Housing Development Organization Agreement with Habitat for Humanity for the B Street and Amador Street Single-Family Housing Project:  
 1. RESOLUTION - For Substantial Amendment No. 2017-001 to the fiscal year 2016-2017 Annual Action Plan authorizing a \$580,263 HOME Investment Partnerships, Community Housing Development Organization Agreement; and  
 2. Approve a \$580,263 HOME Investment Partnerships, Community Housing Development Organization Agreement

**Sponsors:** Planning and Development Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A - Reso for Substantial Amendment.pdf, 2. Exhibit B - HOME CHDO Agreement.pdf

Date	Ver.	Action By	Action	Result
12/15/2016	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**December 15, 2016**

**FROM:** JENNIFER K. CLARK, Director  
Development and Resource Management Department

**THROUGH:** KELLI FURTADO, Assistant Director  
Development and Resource Management Department

**BY:** CORRINA NUNEZ, Project Manager  
Housing and Community Development Division, DARM

**SUBJECT**

Actions pertaining to the HOME Investment Partnerships, Community Housing Development Organization Agreement with Habitat for Humanity for the B Street and Amador Street Single-Family Housing Project:

- RESOLUTION - For Substantial Amendment No. 2017-001 to the fiscal year 2016-2017 Annual Action Plan authorizing a \$580,263 HOME Investment Partnerships, Community Housing Development Organization Agreement; and
- Approve a \$580,263 HOME Investment Partnerships, Community Housing Development

## Organization Agreement

### **RECOMMENDATION**

Staff recommends the City Council: 1) Adopt a Resolution for Substantial Amendment No. 2017-001 (Exhibit "A") to the fiscal year 2016-2017 Annual Action Plan authorizing a \$580,263 HOME Investment Partnerships (HOME), Community Housing Development Organization (CHDO) Program Agreement with Habitat for Humanity (Habitat) for the B Street and Amador Street Single-Family Housing Project (Exhibit "B"), and 2) authorize the City Manager to sign all implementing documents required by the United States Department of Housing and Urban Development (HUD).

### **EXECUTIVE SUMMARY**

The B and Amador Street Single-Family Housing project was not included in the adopted 2016-2017 Annual Action Plan. Therefore, staff recommended an amendment to the Annual Action Plan through a substantial amendment to include Habitat's B Street and Amador Street Project and HOME CHDO Agreement in the amount of \$580,263, initially estimated at \$600,000.

### **BACKGROUND**

As a recipient of federal entitlement program funds from HUD, the City is required to provide a portion of its annual allocation of HOME Program funds for a CHDO project. At the approval of the fiscal year 2016-2017 Annual Action Plan on May 12, 2016, the CHDO funds were set aside for a CHDO project with a note that a project would be selected at a later date. Since that time, the City has chosen Habitat, which has agreed to be the developer of the B Street and Amador Street properties. Habitat is the only City-certified CHDO and is best suited for this type of development.

The City purchased the three parcels in July 2016, and is now ready to enter into a HOME CHDO Agreement with Habitat. Since the project was not previously included in the 2016-2017 Annual Action Plan adopted by Council on May 12, 2016, the City must now amend the previously adopted Action Plan to include the B Street and Amador Street Single-Family Housing project and HOME CHDO funding to the project in the amount of \$580,263. The \$580,263 in HOME CHDO funding is an accumulation of the balance of the 2014-2015 CHDO funding, all of the 2015-2016 CHDO funding, and a portion of the 2016-2017 CHDO funding.

The approximate cost of the project is \$984,121 of which \$580,263 will be provided as HOME CHDO funds. Habitat proposes to construct four 1,634 sq. ft., five-bedroom two-bath homes at a cost of \$151 per sq. ft. (\$984,121/6,536). The balance of funds to complete the project will come from donations. The \$580,263 HOME loan will be divided among the four homebuyers and will convert to a mortgage assistance loan upon conveyance to the homebuyers. The sale price of a completed home will be approximately \$175,000, of which the WISH program will provide \$15,000, the HOME loan will provide \$145,065 in mortgage assistance, and the Habitat loan will provide the balance of mortgage assistance. Upon completion of each house, the property will be conveyed through escrow to a low-income homebuyer. Also upon conveyance, the HOME loan will convert to a zero percent interest junior mortgage on the property.

Newly constructed housing units at these sites will help make a positive visual impact to the block as well as the overall neighborhood. New construction of single-family housing will fit well into the community as the entire neighborhood consists of single-family housing. Fink White Playground is located within a few feet of the subject sites and will provide for a nice amenity. Also, the construction of new housing on these parcels will help increase the City's stock of affordable housing and create additional revitalization in this underserved area bringing the City closer to meeting its

Housing Element goals of the Fresno General Plan and the Consolidated Plan to HUD.

Habitat will utilize its “sweat equity” building technique and incorporate the City’s Universal Design elements into each house. The “sweat equity” method requires each household member to contribute at least 500 “sweat equity” hours to help build their house and their neighbors’ houses. Habitat will also provide home ownership training in the areas of home maintenance, home improvement, interior design, budgeting, and consumer awareness.

The Housing and Community Development Commission recommended approval of this item on August 10, 2016.

## **SUBSTANTIAL AMENDMENT**

Although the City’s Citizen Participation Plan that was approved through the 2015-2019 Consolidated Planning Process does not require an amendment, the prior Citizen Participation Plan required one when projects are proposed and have not been identified in the Annual Action Plan. In an effort to ensure that the project is handled appropriately, and at the recommendation of the Housing and Community Development Divisions Business Manager, this proposed project has been treated as a substantial amendment for the fiscal year 2016-2017 Annual Action Plan. Substantial Amendment No. 2017-001 was made available for a thirty-day public comment period initiated by a public notice in the Fresno Bee on July 5, 2016. The public comment period ended on August 5, 2016, with no written public comments received.

The Housing and Community Development Commission (HCDC) conducted a public hearing in compliance with the citizen participation regulations established at 24 CFR Part 91.505. HCDC’s recommendation and public comments are included in this staff report to Council.

## **ENVIRONMENTAL FINDINGS**

In anticipation of the proposed project, staff completed an environmental assessment on March 7, 2016, and determined this project is exempt under Section 15303 Class 3 (new small structures) and Section 15332 Class 32 (infill development) of the California Environmental Quality Act (CEQA) Guidelines. A National Environmental Policy Act Finding of No Significant Impact was completed on January 27, 2016.

## **LOCAL PREFERENCE**

Local preference does not apply based on conditions of the RFP for federal funding.

## **FISCAL IMPACT**

HOME CHDO Program funds for the proposed project are available in the Development and Resource Management Department’s Fiscal Year 2017 Budget.

## **ATTACHMENTS:**

Exhibit A - Resolution Substantial Amendment

Exhibit B - HOME CHDO Agreement