



Legislation Details (With Text)

File #: ID#15-386 **Version:** 1 **Name:**
Type: Action Item **Status:** Passed
File created: 5/4/2015 **In control:** City Council
On agenda: 5/21/2015 **Final action:** 5/21/2015
Title: Actions pertaining to the HOME Investment Partnerships Program, Community Housing Development Organization Agreement with Habitat for Humanity Fresno County, Inc.:
1. Adopt a finding of Categorical Exemption for the Lotus/Effie Project; and
2. Approve a \$200,000 Agreement for the construction of affordable single-family houses to be located at 2541 S. Lotus Avenue and 325 N. Effie Street

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Exhibit A-Categorical Exemption Form, 2. Exhibit B - HOME CHDO Agreement, 3. Exhibit C-Project Location Map, 4. Exhibit D-Project Sources and Uses of Funds

Date	Ver.	Action By	Action	Result
5/21/2015	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

May 21, 2015

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

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Housing and Community Development Division

SUBJECT

Actions pertaining to the HOME Investment Partnerships Program, Community Housing Development Organization Agreement with Habitat for Humanity Fresno County, Inc.:
1. Adopt a finding of Categorical Exemption for the Lotus/Effie Project; and
2. Approve a \$200,000 Agreement for the construction of affordable single-family houses to be located at 2541 S. Lotus Avenue and 325 N. Effie Street

RECOMMENDATIONS

Staff recommends the City Council adopt a finding of Categorical Exemption pursuant to the California Environmental Quality Act (CEQA) Guidelines, Section 15332 (Exhibit "A" - CEQA Categorical Exemption form), for the Lotus/Effie Project, and approve a \$200,000 HOME Investment Partnerships (HOME) Program, Community Housing Development Organization (CHDO) Agreement

(Exhibit “B” - HOME CHDO Agreement) with Habitat for Humanity Fresno County, Inc. (Habitat), for the construction of affordable single-family houses to be located at 2541 S. Lotus (A.P.N. 479-174-13), in southwest Fresno, and 325 N. Effie Street (A.P.N. 459-162-08) in the Jefferson area (Exhibit “C” - Project Location Map).

EXECUTIVE SUMMARY

On June 20, 2014, Habitat was selected as the CHDO developer to receive \$200,000 for its Lotus/Effie single-family housing project. The CHDO Agreement is structured so the \$200,000 CHDO loan is proportionally conveyed to the two proposed homebuyers as a second mortgage. Upon completion of each house, the property will be conveyed through escrow to a low-income homebuyer. Also upon completion, the City will forgive \$10,000 of each homebuyer’s respective portion of the CHDO loan to make the homes more affordable. In addition to the CHDO second mortgage assistance, the homebuyers will receive “sweat equity” credit toward the purchase of their home as facilitated through Habitat and a \$15,000 forgivable loan from the Federal Home Loan Bank of San Francisco.

BACKGROUND

On March 10, 2014, the Housing and Community Development Division released a Notice of Funding Availability (NOFA) for HOME CHDO funding. In response to the NOFA, the City received one CHDO application from Habitat for its Lotus/Effie Single-Family Housing Project. Habitat’s two project sites are located within the HOME Program priority area as adopted by the Council on December 16, 2010.

The estimated project cost is \$422,739 (Exhibit “D” - Project Sources and Uses of Funds), which equates to approximately \$211,369 per housing unit at a cost of \$180 per square foot. Habitat will contribute land in the amount of \$40,205 and Habitat’s ReStore reserves and private donations in the amount of \$182,534 will complete financing for construction of the two houses.

Habitat will enter into a CHDO Agreement for \$200,000 at two percent interest, with the interest converting to zero percent upon conveyance of the loan portions to the homebuyers. Once the houses are constructed, Habitat will transfer ownership of each parcel through escrow to a low-income homebuyer. It is estimated that the \$200,000 in CHDO loan funds will be proportionally conveyed and provided to the homebuyers as a second mortgage. Upon transfer of the property to the homebuyer through escrow, the City will forgive \$10,000 on each of the two \$100,000 second position loans to make the houses more affordable for the low-income homebuyers. Habitat will hold a first position lien, the City will hold a second position lien, and the WISH Program will hold a third position lien on the subject properties.

Habitat owns both scattered site single-family parcels, which are located in southwest Fresno, District 3. One house will be located at 2541 S. Lotus Avenue and sit on a 4,500 square foot parcel and be constructed as a 1,100 square foot, two-bed/two-bath house. The second house will be located at 325 N. Effie Street and sit on a 6,000 square foot parcel and be constructed as a 1,250 square foot, three-bed/two-bath house. Habitat will utilize its “sweat equity” building technique and incorporate the City’s Universal Design elements into each house. Habitat’s “sweat equity” method requires that each household member contribute at least 500 “sweat equity” hours to help build their house. Habitat will also provide homeownership training in the areas of home maintenance, home improvement, interior design, budgeting, and consumer awareness.

Habitat has been a leading non-profit housing development organization in Fresno County since 1985 and continues to provide safe, decent, and affordable housing for lower-income residents. Habitat's home building strategy is to partner with low-income household homebuyers to help ensure that homeownership is a life-long positive and successful experience for all members of the family. Habitat is a City-certified CHDO eligible to receive HOME CHDO funding for this project. Since Habitat's inception, over 100 homes have been built using this sweat equity method.

The project partners include Pacific Gas and Electric, Wells Fargo Bank, Premier Valley Bank, Bank of the Sierra, Bank of the West, Mitchell Aire, Hunter Douglas, Val-Spar, Cargill, and the State of California Department of Housing and Community Development.

Once the project is complete, these single-family housing units will assist the City in meeting its affordable housing goals as identified in the Housing Element of the 2035 General Plan, Consolidated Plan, and the HOME Program funding priorities for new housing development. The project is also expected to make a positive impact to the neighborhood by offering new, quality, durable, affordable housing.

The Housing and Community Development Commission recommended approval of this item on March 18, 2015.

ENVIRONMENTAL FINDINGS

On December 1 and 10, 2014, the proposed activities related to HOME CHDO funding were found to be Categorical Exempt from CEQA, pursuant to Section 15332 as Infill Development (please see Exhibit "A"- CEQA Categorical Exemption form). Furthermore, Staff has determined that none of the exceptions to Categorical Exemptions set forth in the CEQA Guidelines, Section 15300.2, applies to this project. On January 26, 2015, a National Environmental Policy Act (NEPA) for the project activities resulted in a Finding of No Significant Impact.

LOCAL PREFERENCE

Local preference was not used based on conditions of NOFA 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 2015 Budget.

Attachments:

- Exhibit A - Categorical Exemption Form
- Exhibit B - HOME CHDO Agreement
- Exhibit C - Project Location Map
- Exhibit D - Project Sources and Uses of Funds