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Title: Mayoral Request, pursuant to Article 3, Chapter 2 of the Fresno Municipal Code, Charter Section 605 (d) and Council Rule of Procedure No. 15(b), for the City Council to Meet and Reconsider the Following:

RESOLUTION - Adopt Substantial Amendment No. 2015-005 to the FY 2014-2015 Annual Action Plan authorizing a \$1.3 million HOME Investment Partnerships Program loan to the Housing Authority of the City of Fresno for its Lowell Neighborhood Project and authorize the City Manager to sign all implementing documents required by HUD

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Mayor Swearengin's memo.pdf, 2. Special Meeting Notice.pdf, 3. Amendment Resolution.pdf, 4. Exhibit B - Location Map.pdf, 5. Exhibit C - Calaveras Rehab.pdf, 6. Exhibit D - Glenn Site Plan.pdf, 7. Exhibit E - Sources and Uses.pdf

Date	Ver.	Action By	Action	Result
6/29/2015	1	City Council	adopted as amended	Pass

REPORT TO THE CITY COUNCIL

June 29, 2015

FROM: JENNIFER CLARK, Director
Development and Resource Management

BY: JOSE TRUJILLO, Housing Manager
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SUBJECT

Mayoral Request, pursuant to Article 3, Chapter 2 of the Fresno Municipal Code, Charter Section 605 (d) and Council Rule of Procedure No. 15(b), for the City Council to Meet and Reconsider the Following:

RESOLUTION - Adopt Substantial Amendment No. 2015-005 to the FY 2014-2015 Annual Action Plan authorizing a \$1.3 million HOME Investment Partnerships Program loan to the Housing Authority of the City of Fresno for its Lowell Neighborhood Project and authorize the City Manager to sign all implementing documents required by HUD

RECOMMENDATION

Staff recommends the City Council:

- 1) Adopt Substantial Amendment No. 2015-005 (Exhibit "A") to the 2014-2015 Fiscal Year Annual Action Plan authorizing a \$1.3 million HOME Investment Partnerships Program loan to the Housing Authority of the City of Fresno (Housing Authority) for its Lowell Neighborhood Project; and
- 2) Authorize the City Manager to sign all implementing documents required by HUD.

EXECUTIVE SUMMARY

On April 16, 2015, the Housing Authority was selected as the developer to receive \$1.3 million for its Lowell Neighborhood Project. The project consists of two components: 1) rehabilitation of the existing Calaveras Court, a 22-unit apartment complex, and 2) new construction of eight units at the Glenn Street site (Exhibit "B" - Project Location Map). If the Substantial Amendment is approved as recommended, HOME Program funding will be provided to the project in the form of a 3% interest loan with principal and interest payable from residual receipts. The project cost is estimated at \$6.8 million of which \$1.3 million is proposed to be funded with HOME Program funds. Once completed, the project will provide 22 newly rehabilitated units and eight newly constructed units, of which eleven units will be HOME-assisted units with an affordability period of 55 years.

BACKGROUND

As a recipient of federal HOME Investment Partnership (HOME) Program funds from the Department of Housing and Urban Development (HUD), the City provides a portion of its annual allocation for major to moderate rehabilitation of multifamily housing and new construction of multifamily housing. At the approval of the FY 2014-2015 Annual Action Plan on June 19, 2014, the City had not yet selected a development project for HOME Program funding. On April 16, 2015, the Lowell Neighborhood project was selected for meeting a majority of the development requirements and was considered to be the most ready to proceed.

The Calaveras Court Apartments were built in 1963 and are in need of moderate rehabilitation to the interior and exterior of the buildings and grounds (Exhibit "C" - Calaveras Proposed Rehabilitation). The apartment complex is currently occupied so relocation will be applicable to this portion of the project. Tenants will be rotated within the complex as units are rehabilitated to avoid any undue hardship as a result of relocation activity. The Housing Authority has entered into a Purchase and Sale Agreement with the property owner for acquisition of the complex.

Rental unit information at the Calaveras Courts is as follows:

<u>Bedroom Type</u>	<u>#</u>	<u>Rent (less Utility Allowance)</u>	<u>Square Feet</u>
Studio	2	\$407 to \$557	438
One-bedroom	14	\$270 to \$591	592-644
Two-bedroom	4	\$316 to \$701	751-884
Three-bedroom	1	\$360	1,125
Manager Unit	1	N/A	884

The overall goal of the rehabilitation portion of the project is to preserve the affordability of the apartment complex for a term of 55 years. Once the rehabilitation is complete, the units will be

affordable to households earning 30% to 60% of the area median income, or below.

The proposed new construction portion of the project will consist of the development of an eight-unit apartment complex at 146 N. Glenn Street (Exhibit "D" - Glenn Site Plan).

Rental unit information at the new development site is as follows:

<u>Bedroom Type</u>	<u>#</u>	<u>Rent (less Utility Allowance)</u>	<u>Square Feet</u>
Three-bedroom	8	\$562 to \$784	1,152 to 1,392

This property is currently owned by the Housing Authority. The overall goal of this new construction portion of the project is to create additional affordable housing units. Once the complex is constructed and ready for occupancy, the units will be available to households earning 30% to 60% of the area median income, or below, for a period of 55 years.

Total project cost is estimated at \$6.8 million of which \$1.3 million is proposed to be funded with HOME Program funds, \$480,000 with Relinquished Fund Corporation funds, and the balance of \$5 million to be funded with Low Income Housing Tax Credits (LIHTC). A summary of the project's budget is shown in the attached (Exhibit "E" - Project Sources and Uses of Funds).

The cost per square foot for both projects is estimated at \$264.43 (\$6,828,000/25,821 sq. ft.). If the Substantial Amendment and HOME Program funding to the project are approved as recommended, HOME funds will be provided to Lowell Neighborhood, LP, in the form of a 3% interest loan, with the principal and interest payable from residual receipts. Since the LIHTC application is due on July 1, 2015, staff is seeking approval of the Substantial Amendment and approval of a \$1.3 million award of HOME Program funds to the project at this time and will return with a HOME Program Agreement at a future date.

The ownership structure will consist of the Lowell Neighborhood Project, LP, a to-be formed limited partnership; a to-be determined tax credit investor and limited partner; Silvercrest, Inc. (a nonprofit affiliate of the Housing Authority), Managing General Partner, and Lowell Neighborhood Project, LLC, a to-be formed limited liability corporation that will act as the Administrative General Partner and be comprised of the Housing Authority, the Lowell Neighborhood Community Development Corporation, and Better Opportunity Builders, Inc. (a non-profit affiliate of the Housing Authority).

Over the past 60 years, the Housing Authority has constructed, rehabilitated, managed, and owned thousands of affordable housing units for lower income households. As part of its mission to create vibrant communities, the Housing Authority provides service rich social programs to its residents to help promote self-sufficiency. Some of the most recent Housing Authority projects include the Renaissance at Santa Clara, Renaissance at Alta Monte, Renaissance at Trinity, Pacific Gardens, and Granada Commons. The Bridges at Florence senior housing project and the downtown City View redevelopment project are the most current HOME-funded projects completed to date.

Once completed, the project will assist the City of Fresno with its affordable housing goals and objectives of the Housing Element of the 2035 General Plan and five-year Consolidated Plan. In addition, it is anticipated that the project will create an estimated 20 plus construction related jobs for the duration of the rehabilitation and development of the project.

SUBSTANTIAL AMENDMENT

The City's Citizen Participation Plan requires an amendment when projects are proposed and have not been identified in the Action Plan. This proposed project is Substantial Amendment 2015-05 to the FY 2014-2015 Annual Action Plan. Substantial Amendment 2015-005 was available for a 30-day public review and comment period that was initiated with a public notice in The Fresno Bee on May 8, 2015. The public comment period ended June 8, 2015.

The Housing and Community Development Commission conducted a public hearing meeting in compliance with citizen participation regulations established at 24 CFR Part 91.505 and recommended approval of this item on May 27, 2015.

ENVIRONMENTAL FINDINGS

The Substantial Amendment is not a project for purposes of California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15378.

A National Environmental Policy Act assessment for the proposed Lowell Neighborhood project activities was completed on January 16, 2015, and resulted in a Finding of No Significant Impact. A CEQA assessment was completed for the project activities on February 27, 2015, and resulted in a Categorical Exemption.

LOCAL PREFERENCE

Local preference is not applicable to a Substantial Amendment to the Annual Action Plan and was not used based on conditions of Notice of Funding Availability for federal funding.

FISCAL IMPACT

This agenda item does not impact the General Fund. HOME Program funds for the project are budgeted in the Development and Resource Management Department's FY 2014-15 Budget.

Attachments:

Exhibit A - Resolution
Exhibit B - Project Location Map
Exhibit C - Calaveras Proposed Rehabilitation
Exhibit D - Glenn Site Plan
Exhibit E - Project Sources and Uses of Funds