



Legislation Details (With Text)

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**File created:** 12/19/2017      **In control:** City Council  
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**Title:** Actions pertaining to HOME Investment Partnerships Program, Community Housing Development Organization, Agreement with Habitat for Humanity Fresno County, Inc.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15332/Class 32 of the California Environmental Quality Act (CEQA) Guidelines.
2. Approve a \$445,000 HOME Investment Partnerships Program, Community Housing Development Organization, Agreement with Habitat for Humanity Fresno County, Inc. for the construction of three affordable single-family houses at West Rialto Avenue and North Barcus Avenue in northwest Fresno (District 1).

**Sponsors:** Planning and Development Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A - CEQA Categorically Exempt Form, 2. Exhibit B HOME CHDO Agreement - CAO signed.pdf, 3. Exhibit C - Project Location Map, 4. Exhibit D - Project Sources and Uses of Funds

Date	Ver.	Action By	Action	Result
1/11/2018	1	City Council	adopted	Pass

**REPORT TO THE CITY COUNCIL**

**January 11, 2018**

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

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

**BY:** THOMAS MORGAN, Housing Manager  
Development and Resource Management Department

CORRINA NUNEZ, Project Manager  
Development and Resource Management Department

**SUBJECT**

Actions pertaining to HOME Investment Partnerships Program, Community Housing Development Organization, Agreement with Habitat for Humanity Fresno County, Inc.:

1. Adopt a finding of Categorical Exemption pursuant to Section 15332/Class 32 of the California Environmental Quality Act (CEQA) Guidelines.
2. Approve a \$445,000 HOME Investment Partnerships Program, Community Housing Development Organization, Agreement with Habitat for Humanity Fresno County, Inc. for the construction of three affordable single-family houses at West Rialto Avenue and North Barcus Avenue in northwest Fresno (District 1).

## RECOMMENDATION

Staff recommends the City Council: 1) Adopt a Finding of Categorical Exemption pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15332 (Exhibit "A" - CEQA Categorical Exemption form); and 2) Approve a \$445,000 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 three single-family houses to be located at northeast corner of West Rialto Avenue and North Barcus Avenue in northwest Fresno (Exhibit "C" - Project Location Map).

## EXECUTIVE SUMMARY

On May 9, 2017, Habitat was selected through a Notice of Funding Availability (NOFA) to receive \$445,000 in 2017 HOME CHDO funds for its Central Lots Project. Habitat is a City-certified CHDO and is eligible to receive HOME CHDO funding for its Central Lots Project.

## BACKGROUND

On February 10, 2017, the Housing and Community Development Division released a NOFA for 2017 HOME CHDO funding. Home CHDO funds are available only to certified CHDO agencies. In response to the NOFA, the City received two CHDO applications one of which was the Habitat Central Lots Project. After preliminary underwriting and technical assessment, the Central Lots Project was determined to be the most "shovel ready" and is therefore being recommended for funding.

The estimated project cost is \$904,666 (Exhibit "D" - Project Sources and Uses of Funds), which equates to approximately \$302,000 per housing unit at a cost of approximately \$241 per square foot. Habitat will contribute land in the amount of \$163,000 and in-house reserves and private donations in the amount of \$296,666 to complete financing of the three houses to be located at the northeast corner of West Rialto Avenue and North Barcus Avenue in northwest Fresno.

Habitat will enter into a HOME CHDO Agreement for the \$445,000 at 2% 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 \$445,000 in CHDO loan funds will be proportionally conveyed and provided to the homebuyers as a second mortgage. Upon transfer of the property to the homebuyers through escrow, Habitat will be released from any further obligation under the Promissory Note. The proportionally conveyed CHDO loan amounts (1 @ \$148,400 and 2 @ \$148,300) will hold a no worse than a second position lien.

Habitat owns the project property which is located at the northeast corner of West Rialto and North Barcus Avenue in northeast Fresno, District 1. One house will be constructed as a 3-bedroom/2-bath

with 1,184 square feet and the other two will be constructed as 4-bedroom/2-bath houses with 1,285 square feet each. Habitat will utilize its “sweat equity” building technique and incorporate the City’s Universal Design elements into each house. The “sweat equity” method requires that each household member contribute at least 500 hours of “sweat equity” to help build the houses. 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.

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 San Francisco Federal Home Loan Bank.

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 HOME Program funding priorities for new housing development. The project is also expected to make a positive impact to the neighborhood by offering new, in-fill, quality, durable, affordable housing.

The Housing and Community Development Commission recommended approval of this item on December 13, 2017.

## **ENVIRONMENTAL FINDINGS**

On November 7, 2017, the proposed activities related to the HOME CHDO funding were found to be Categorically Exempt from CEQA, pursuant to Section 15332 as Infill Development (Exhibit “A” - CEQA Exemption form). Furthermore, staff has determined that none of the exceptions to Categorical Exemptions set forth in CEQA guidelines, Section 15300.2 apply to this project. On July 24, 2017, a National Environmental Policy Act (NEPA) for the project activities resulted in the project activity converting to Exempt status.

## **LOCAL PREFERENCE**

Local preference was not used based on conditions of federal funding.

## **FISCAL IMPACT**

The HOME CHDO Program funds for Habitat’s proposed Central Lots project were appropriated to the Development and Resource Management Department as part of its fiscal year 2018 Budget.

## **APPENDICES**

- Exhibit A - CEQA Categorical Exemption form
- Exhibit B - HOME CHDO Agreement
- Exhibit C - Project Location Map

Exhibit D - Project Sources and Uses of Funds