



Legislation Details (With Text)

File #: ID 20-00437 **Version:** 1 **Name:**

Type: Action Item **Status:** Agenda Ready

File created: 3/24/2020 **In control:** City Council

On agenda: 4/9/2020 **Final action:** 4/9/2020

Title: Actions pertaining to proposed Substantial Amendment 2019-01 to the 2019-2020 Annual Action Plan:
1. HEARING to obtain public comments regarding Substantial Amendment 2019-01 to the 2019-2020 Annual Action Plan and submission of a \$7.5 million Section 108 Loan Application to the United States Department of Housing and Urban Development (HUD) for the construction of a Multigenerational Center in Large Park, located at 4424 N. Millbrook Avenue, Fresno, CA 93726; and
2. RESOLUTION - Adopting Substantial Amendment 2019-01 to the Fiscal Year (FY) 2019-2020 Annual Action Plan; authorizing submission to the U.S. Department of Housing and Urban Development (HUD) of a \$7.5 million Section 108 Loan Application for the construction of a Multigenerational Community Center; and authorizing the City Manager to sign all necessary implementing documents required by HUD

Sponsors: Planning and Development Department

Indexes:

Code sections:

Attachments: 1. Resolution, 2. Project Overview, 3. Attachment A - Summary, 4. Public Draft of 2019-2020 Substantial Amendment No. 2019-01 and Section 108 Loan Guarantee Application, 5. Public Comments and Responses, 6. Redline Version of 2019-2020 Substantial Amendment No. 2019-01 and Section 108 Loan Guarantee Application, 7. Summary of Funding Sources

Date	Ver.	Action By	Action	Result
4/9/2020	1	City Council	adopted	Pass

REPORT TO THE CITY COUNCIL

April 9, 2020

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THROUGH: THOMAS MORGAN, Housing Manager
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SUBJECT

Actions pertaining to proposed Substantial Amendment 2019-01 to the 2019-2020 Annual Action Plan:

1. HEARING to obtain public comments regarding Substantial Amendment 2019-01 to the 2019-2020 Annual Action Plan and submission of a \$7.5 million Section 108 Loan Application to the United States Department of Housing and Urban Development (HUD) for the construction of a Multigenerational Center in Large Park, located at 4424 N. Millbrook Avenue, Fresno, CA 93726; and
2. RESOLUTION - Adopting Substantial Amendment 2019-01 to the Fiscal Year (FY) 2019-2020 Annual Action Plan; authorizing submission to the U.S. Department of Housing and Urban Development (HUD) of a \$7.5 million Section 108 Loan Application for the construction of a Multigenerational Community Center; and authorizing the City Manager to sign all necessary implementing documents required by HUD

RECOMMENDATION

Staff recommends the City Council obtain the views and comments from interested persons regarding Substantial Amendment 2019-01 and Section 108 Loan Application for the construction of a Multigenerational Community Center; thereafter adopt Substantial Amendment 2019-01 to the 2019-2020 Annual Action Plan; and authorize submission of Substantial Amendment 2019-01 and Section 108 Loan Application to HUD.

EXECUTIVE SUMMARY

HUD Section 108 Loan proceeds have been identified as a key component in the financing plan for the proposed Multigenerational Community Center. In order to secure this financing, HUD requires an approved Substantial Amendment to the 2019-2020 Annual Action Plan and an authorized submission of a Section 108 Loan Application.

BACKGROUND

In the 2015-2019 Program Year Consolidated Plan, the City of Fresno (City) identified the provision of public facility improvements to strengthen neighborhood revitalization and assistance to low-income and special needs households as two of its goals. These goals were driven by a strong demand for services and facilities to meet the needs of youth, seniors, and neighborhoods, with many expressing a desire to see multiple services integrated into one common space. In an effort to meet these goals, the City is proposing to apply for a Section 108 Loan Guarantee to fund the construction of a new 10,000 square foot Multigenerational Community Center and improved park amenities that will increase the quality of life for low- and moderate-income persons in the surrounding neighborhoods. Specifically, the community center would improve the quality of life for constituents by providing youth with after school activities, senior enrichment activities, recreational space, meeting space, and improved green space with sports fields and a tot lot.

The approximately 6.34 acre project site is Large Park, located at 4424 N. Millbrook Avenue, Fresno 93726 (APN 428-071-02). Large Park is owned by the City, and is bounded on the north by the Thomas Elementary School site (south of E. Gettysburg Avenue and east of N. Millbrook Avenue), on the east by N. 8th Street, on the south by E. Ashcroft Avenue, and on the west by N. Millbrook Avenue. The subject site is surrounded by low density residential to the east, south, and west and a public school to the north. Over sixteen thousand (16,520) residents live within a half mile radius of the site. According to the latest income data, 9,805 or 59% of the residents within the radius are low-

or moderate-income. The proposed site meets HUD National Objective requirements for a Low Mod Area in a primarily residential area (24 CFR 570.208(a)(1)).

The cost of the new facility will be based on a number of factors, including the conceptual plan. As part of the design development process, the City will conduct a citizen outreach campaign to identify the features and amenities that residents will want in the new facility. Potential features could include, but are not necessarily limited to:

- Multi-use concept meeting and recreation area with modular walls for small group activities
- Kitchen for warming meals
- Area to accommodate after school activities and senior activities
- Office space and space for meetings
- Play area with playground and tot lot
- Expansion of existing on-site parking
- Two sports fields

Based on these and other factors, the City estimate to construct the facility is \$10.75 million.

HUD Section 108 Loan proceeds would form a key component of the financing for this proposal. The City will request Section 108 loan proceeds in the amount of \$7,500,000. The remainder of funding would come from \$700,000 of CDBG entitlement previously approved for this project; \$52,818.52 of 2019 Program Year project savings; and a \$2,497,181.48 payment to the City's CDBG Letter of Credit from PARCS capital funds previously approved for this purpose. Please see attachment titled 'Summary of Funding Sources.'

In order to access Section 108 financing, the City proposes to pledge a portion of its future CDBG grants (Program Years 2020 - 2039) as collateral for repayment. The City proposes to use the maximum repayment period allowable, twenty years, in order to minimize the impact of the repayment obligation on any given year. In the event that the Federal government terminates the CDBG program or reduces the City's entitlement amount to a level below the annual debt service prior to loan payoff, the City will pledge the subject land and improvements as collateral.

Annual loan payments are currently forecasted at \$565,125 (\$375,000/principal, \$190,125/interest) in Year 1 decreasing to \$386,288 (\$375,000/principal, \$11,288/interest) in Year 20. No loan pre-payments can be made during the first 10 years following loan settlement. The total amount of loan repayments over the full twenty years is currently forecasted at \$9,621,000.

SUBSTANTIAL AMENDMENT PROCESS: In order to reprogram funds, HUD requires a Substantial Amendment. The amendment process involves conducting two Public Hearings on the Draft Substantial Amendment. The table below summarizes the citizen participation component of the process. The City provided notices in English in the Fresno Bee, Spanish in Vida en el Valle, and announcements were read in Hmong on radio station KBIF. Additionally, notices were distributed electronically through social media and to the e-mail distribution list of over 500 addresses used by the Planning and Development Department. The City also made the Substantial Amendment available on the City's website, at the City Clerk's Office, Fresno County Libraries, City Neighborhood and Community Centers, and at the City Hall administrative office of the Planning and Development Department.

Citizen Participation

- January 27, 2020 - Public Notice Published in Fresno Bee
- January 27, 2020 - Public Notice Distributed via Social Media and Email
- February 5, 2020 - Public Notice Published in Vida en el Valle
- February 21, 2020 - Draft Substantial Amendment Published - Minimum 30-day public review period commences
- February 26, 2020 - HCDC Public Hearing and consideration of Draft Substantial Amendment for recommendation to City Council
- March 23, 2020 - Public Review Period closes
- April 9, 2020 - City Council Public Hearing and consideration of the Substantial Amendment

The City received three public comments during the February 26, 2020 Public Hearing of the HCDC. Comments and City responses are attached to this report.

ENVIRONMENTAL FINDINGS

Staff has conducted a preliminary review of the project and has determined that it is exempt from CEQA pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) under the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Because the proposed action is for Council to approve a loan application and does not commit the City to any one particular option set forth in the document, it can be seen with certainty that there is no possibility that the proposed Council action may have a significant effect on the environment. Therefore, this action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

The HUD NEPA environmental assessment is in the process of being prepared. The proposed action is for Council to approve a loan application and does not commit the City to a choice limiting action.

LOCAL PREFERENCE

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

FISCAL IMPACT

No General Funds are appropriated for this loan. Repayment of the loan will be made from future CDBG allocations. The City is proposing that the standby collateral be the land and buildings associated with the subject project. The City may find at a future date that it is in its best interest to repay HUD from other funds at its disposal, which could include General Funds.

Attachment: Resolution

Project Overview (with Attachment A: Summary)

Public Draft of 2019-2020 Substantial Amendment No. 2019-01 and Section 108 Loan Guarantee Application

Public Comments and Responses

Redline Version of 2019-2020 Substantial Amendment No. 2019-01 and Section 108 Loan Guarantee Application

Summary of Funding Sources